

CENTRAL BANK OF NIGERIA

**MONETARY, CREDIT, FOREIGN
TRADE AND EXCHANGE POLICY
GUIDELINES FOR FISCAL YEARS
2024/2025**



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CENTRAL BANK OF NIGERIA: VISION, MISSION AND MANDATE

VISION

To be a trusted and respected central bank promoting confidence in the economy

MISSION

To ensure Monetary, Price & Financial System Stability as a catalyst for inclusive growth and sustainable economic development.

MANDATE

Ensure monetary and price stability;

Issue legal tender currency in Nigeria;

Maintain external reserves to safeguard the international value of the legal tender currency;

Promote a sound financial system in Nigeria; and

Act as Banker and provide economic and financial advice to the Federal Government.

SECTION ONE

1.0 INTRODUCTION

The Central Bank of Nigeria (CBN) in the 2024/2025 fiscal years will continue to conduct monetary policy in line with the Medium-Term Fiscal Framework (MTFF) of the Federal Government of Nigeria (FGN). The CBN will continue to ensure monetary, price and financial system stability as a catalyst for inclusive growth and sustainable economic development.

In accordance with the MTFF, the CBN would manage expectations, provide time-consistent policies, respond to shocks to reinforce the ongoing recovery, and maintain macroeconomic stability of the country.

The 2024/2025 Guidelines coincide with the unification of the naira exchange rate windows to align the exchange rate with market realities, curtail unnecessary demand pressure and activities of speculators. The implementation of the Nigerian Upstream Petroleum Measurement Regulations (2023) by the fiscal authorities, which involves the reopening of major oil terminals and removal of petrol subsidy are expected to improve oil GDP through improved investments in oil infrastructure.

The document outlines the monetary, credit, foreign trade, and exchange policy guidelines applicable to banks and other financial institutions supervised by the CBN in 2024/2025. The Guidelines may be adjusted by the CBN without prior notice, to address new developments in the domestic and global economies in the period. However, such amendments shall be communicated to the relevant institutions/stakeholders in supplementary circulars.

This document is divided into five sections. Following the Introduction, section two reviews developments in the global and domestic economies in 2022 and 2023 to provide a background to the policy measures for 2024/2025 fiscal years. The monetary and credit measures are enumerated in section three, while the applicable foreign trade and exchange policy measures are presented in section four. Section five concludes with consumer protection issues while the annexures contain definition of terms, Prudential Guidelines, relevant reporting formats and referenced circulars.

SECTION TWO

2.0 REVIEW OF THE POLICY ENVIRONMENT AND MACROECONOMIC DEVELOPMENTS IN 2022 AND 2023

2.1 Policy Environment

This section highlights key global and domestic developments that informed policy, and the regulations emanating from CBN during the review period.

2.1.1 Global

Global economic growth in 2022, slowed primarily due to the Russia-Ukraine war, China's policy to curb the COVID-19 pandemic, and the hike in policy rates by various economies to curtail inflation. As projected by the International Monetary Fund (IMF), the global economy growth slowed from 6.2 per cent in 2021 to 3.4 per cent in 2022 and further, to 3.0 per cent in 2023. Growth in the advanced economies (AEs) slowed from 5.4 per cent in 2021 to 2.6 per cent and 1.5 per cent in 2022 and 2023, respectively. Similarly, economic activities in the Emerging Market and Developing Economies (EMDEs), decelerated from 6.7 per cent in 2021 to 4.1 per cent in 2023 and further to 4.0 per cent in 2023.

In the first half of 2023, global output expanded on account of improvement in global supply chain, moderating inflationary pressures, business environment, consumer sentiments, and household budget. This was reflected in the average J.P. Morgan Global Composite Purchasing Managers' Index (PMI), which rose to 52.75 points in the first half of 2023, from 48.85 points and 52.00 points in the preceding and corresponding periods of 2022, respectively. Growth in the EMDEs remained impressive due to the rising demand and the re-opening of China's economy. Inflationary pressure moderated in the first half of 2023, following monetary policy tightening by most central banks and supply chain improvement.

Global inflation soared in 2022 to 8.7 per cent, from 3.1 per cent in 2021, owing to a combination of supply and demand factors. It is expected to, however, decline to 6.9 per cent in 2023 due to tighter monetary policy. In response to these price developments, central banks in the AEs and EMDEs hiked policy rates to rein-in inflationary pressures, resulting in tight global financial conditions. The focus of these economies shifted from fiscal support to containing

inflationary pressure, particularly in countries with limited fiscal space.

2.1.2 Monetary and Credit Developments

The Central Bank of Nigeria maintained an accommodative monetary policy stance in the first few months of 2022, to boost productivity and support domestic growth recovery. However, heightened inflationary pressures prompted CBN to switch to a hawkish policy stance, which emphasized its commitment to ensure price stability. Nonetheless, CBN continued to intensify its interventions in the real sector, providing credit to key sectors of the economy to support growth and employment. These initiatives, among others, propelled the growth of broad money supply (M3) above the target for the 2022 fiscal year. The hawkish monetary policy stance adopted by CBN was sustained throughout 2023 in a bid to tame inflationary pressure. Monetary Policy Rate (MPR) maintained an upward trajectory as CBN increased the rate from 16.5 per cent to 17.0 per cent in January 2023, with further increases to 18.0 per cent, 18.5 per cent and 18.7 per cent in March, May and July 2023, respectively. Notwithstanding the adjustments in the MPR, the asymmetric corridor of +100/-300 basis points around the MPR

was maintained throughout 2023. The cash reserve ratio (CRR) and Liquidity ratio (LR) were maintained at 32.5 and 30.0 per cent respectively, throughout the review period.

Despite the subsisting monetary policy tightening, liquidity in the banking system was higher-than-expected on the back of the combined effect of currency redesign, exchange rate reforms, improved FAAC payments and maturities of government securities. Key policies, such as the adoption of market-determined exchange rate and the securitisation of Ways and Means Advances, influenced the trajectory and structure of key monetary aggregates.

CBN sustained its intervention programmes aimed at stimulating the economy through affordable and accessible credit to priority sectors. Following the continued rebound of the economy from the COVID-19-induced shocks, CBN, however, began to taper its sectoral interventions and increased efforts at credit recovery.

2.2 Domestic Macroeconomic Developments

2.2,1 Real Sector Developments

The Nigerian economy grew by 3.1 per cent in 2022 compared with 3.4 per cent in 2021, driven mainly by expansion in the non-oil sector, particularly the services and agriculture sub-sectors; and increased consumption activities buoyed by sustained monetary and fiscal policy support. In the first half of 2023, the economy maintained a modest growth, despite significant headwinds. Real Gross Domestic Product (GDP) grew by 2.41 per cent, compared with 2.91 per cent in the preceding half of 2022. The growth was on account of sustained improvement in the performance of the non-oil sector and sustained fiscal and monetary stimuli to the critical sectors of the economy.

Headline inflation year-on-year (Y-on-Y) rose to 21.34 per cent in 2022 compared with 15.63 per cent in 2021. Available data from the National Bureau of Statistics (NBS) indicated that headline inflation (Y-on-Y) maintained a steady rise to a peak of 21.47 per cent in November 2022 after which there was a slight decline to 21.34 per cent in December 2022. The observed rise in inflation reflected increases in both the food and core components of inflation

caused by the upward trend in energy prices coupled with the prolonged period of scarcity of Premium Motor Spirit (PMS), which contributed to a sharp rise in transportation, logistics, and manufacturing costs, which then fed through to consumer prices. Other contributory factors included the lingering insecurity across the country, flood in some major food producing areas of the country, and the global supply chain disruptions arising from the Russia-Ukraine war, among others. As at end-December 2023, headline inflation (Y-on-Y) rose to 28.92 per cent from the 21.34 per cent at end-December 2022, due to higher energy cost and food prices that accompanied the Russia- Ukraine war as well as exchange rate pass-through.

The average crude oil production in 2022, excluding condensates, was 1.27 million barrels per day (mbpd) and the total annual production stood approximately at 463.60 million barrels (mb). The average crude oil production represented a decline of 13.01 per cent below the average production of 1.46 mbpd or 532.90 mb in 2021, on account of continued diversion of crude oil from the authorised channels and insecurity in the oil producing areas. In the

first half of 2023, domestic crude oil production improved, due to enhanced security around crude oil production and distribution infrastructure, and the sustained investment in exploration activities by the NNPC Limited. At an average daily production of 1.21 million barrels per day (mbpd), Nigeria's crude oil output in the first half of 2023 increased by 2.54 per cent from 1.18 mbpd in the second half of 2022. Crude oil prices declined in the first half of 2023 due, mainly, to higher global supply, particularly from the United States and Mexico.

2.2.2 External Sector Developments

Significant pressure was exerted on the Nigeria's external sector due to supply chain disruptions majorly caused by the Russia-Ukraine war which resulted, particularly, in high energy and food prices. The overall balance of payments in 2022 had a deficit of US\$3.32 billion, representing 0.7 per cent of GDP,. The stock of external reserves at end-December 2022 was US\$36.61 billion and could finance 7.5 months of import for goods only, or 5.7 months of import of goods and services. The stock of public external debt at end-December 2022 increased by 8.6 per cent to US\$41.69 billion, representing 8.8 per cent of GDP, Heightened demand pressures,

amid supply shortages, led to the depreciation of the naira exchange rate at the Nigerian Foreign Exchange Market (NFEM) window. The annual average exchange rate at the NFEM window consequently depreciated by 4.0 per cent to ₦425.98/US\$ in 2022, relative to ₦408.96/US\$ in 2021.

In the first half of 2023, the overall balance of payments recorded a deficit of 4.8 per cent of GDP, relative to 2.8 per cent of GDP in the second half of 2022. The deficit, however, contrasted with a surplus of 5.6 per cent of GDP in the first half of 2022. The development was due largely to global financial tightening to rein in inflation, and a lull in economic activities. The external reserves position at end-June 2023 was US\$33.75 billion and could finance 8.2 months of import (goods only) or 6.0 months of import (goods and services), which was above the international benchmark of 3.0 months. The stock of external debt increased to US\$42.67 billion, from US\$41.69 billion at end-December 2022, following additional loan disbursements. The average exchange rate of the Naira to the US dollar at the I&E window depreciated by 10.3 per cent and 14.4 per cent to ₦486.08/US\$ in the first half of 2023, relative to ₦436.00/US\$

and ₦416.02/US\$ in the second and first halves of 2022, respectively. The development was due to the adoption of a market-determined exchange rate in June 2023.

2.2.3 Financial Sector Developments

The financial sector remained stable, as key financial soundness indicators were within the regulatory thresholds, despite the uncertainties in the global and domestic economic environments. The industry-level capital adequacy and liquidity ratios exceeded the regulatory minimum. Also, in the first half of 2023, the non-performing loan (NPL) ratio improved marginally in the first half of 2022 to fall below its regulatory threshold, also in the first half of 2023. CBN's payments system architecture remained robust driving digital financial inclusion through the introduction of innovative measures aimed at fostering a more profound evolution of the payments system landscape.

Reserve money increased on account of the growth in CBN's liability to Other Depository Corporations (ODCs). Reserve money grew by 20.6 per cent at end-December 2022 to N16,032.96 billion, The significant growth in reserve money was due to the 30.6 per

cent rise in liabilities to ODCs, arising from the increase in CRR. Currency-in-circulation (CIC), on the other hand, moderated the growth in reserve money, as it contracted by 9.4 per cent, owing to increased adoption and usage of electronic payments channels. Reserve money in the first half of 2023 rose by 8.2 per cent to ₦17,339.25 billion driven, wholly, by growth in liabilities to ODCs.

Broad money supply (M3) increased by 17.4 per cent to ₦52,187.27 billion at end-December 2022 exceeding the 2022 indicative target (14.92per cent) by 2.5 per cent. The increase in broad money was driven by the 37.8 per cent increase in net domestic assets (NDA), which outweighed the 58.9 per cent decline in net foreign assets (NFA). The increase in foreign loans and deposits accounted for the rise in liabilities to non-residents, resulting in the contraction of NFA. The growth in NDA was driven by the rise in domestic claims, which grew by 35.6 per cent. Domestic claims increased on account of the combined impact of the 71.2 per cent and 21.5 per cent growth in net claims on central government and claims on other sectors, respectively.

In the first half of 2023, broad money (M3) grew significantly above its provisional benchmark, driven largely by the increase in net foreign assets (NFA) following the adoption of market-determined exchange rate. NFA grew significantly by 200.1 per cent to ₦11,533.47 billion. Net domestic assets (NDA) also grew by 11.6 per cent to ₦53,940.29 billion in June 2023. The increase in NDA was driven by the 31.0 per cent growth in domestic claims which was prompted by the 35.7 per cent and 28.4 per cent rise in net claims on the central government and claims on other sectors, respectively.

The Nigerian capital market recorded a bullish performance in 2022, as the Nigerian Exchange Group (NGX) All-Share Index (ASI) and aggregate market capitalisation appreciated relative to their levels at end-December 2021. The development was due to bargain hunting in the equities market and price appreciation in anticipation of favourable end-of-year corporate earnings and improved macroeconomic outlook. In the first half of 2023, activities at the Nigerian equities market were bullish, as the All-Share Index (ASI) and aggregate market capitalization appreciated, relative to

their levels at end-December 2022 and end-June 2022. The performance was on account of better-than-expected 2023Q1, corporate earnings declaration, dividend reinvestments, and the anticipation of favourable first half of 2023 corporate earnings following the reforms in the energy sector and the foreign exchange market.

2.2.4 Fiscal Sector Developments

Fiscal policy in 2022 was largely influenced by the Russia-Ukraine war and the lingering effects of the COVID-19 pandemic, which impeded revenue outcomes. This necessitated additional supplementary budget spending and new borrowings to bridge the financing gap. Revenue outcomes improved in 2022 relative to 2021 but remained below target largely on account of low oil earnings. Aggregate expenditure by the general government increased due, largely, to the pre-general elections spending, flood relief support, and rising debt service payments. Thus, the fiscal operations of the three tiers of government (general government) resulted in a provisional deficit of 5.2 per cent of GDP. The consolidated public debt at 22.9 per cent of GDP at end-December 2022, was within the 40.0 per cent debt-GDP threshold.

Fiscal policy in the first half of 2023 towed the path of fiscal consolidation with the implementation of broad reforms to widen the fiscal space and ensure fiscal viability. Consequently, the fiscal operations of the Federal Government (FGN) resulted in an overall deficit of 3.1 per cent of GDP. Public debt was consistent with the Medium-Term Debt Strategy (MTDS, 2020-2023) and remained within the 40 per cent debt-GDP threshold, though widening deficits necessitated new borrowings. The consolidated public debt at end-December 2022 stood at ~~N~~46,250.37 billion or 22.9 per cent of GDP, an increase of 16.9 per cent over the level at end-December 2021. The rise was attributed to the issuance of promissory notes to meet contractual obligations of the FGN and new borrowings by both the Federal and sub-national governments to partially fund the deficit in the 2022 Appropriation Act and project execution. Public debt levels exceeded the 40.0 per cent debt-to-GDP national threshold but remained well within the 70.0 per cent benchmark for Market-Access Countries (MAC). Total public debt at end-June 2023 stood at ~~N~~87,379.40 billion or 42.3 per cent of the GDP. The increase was

attributed to the exchange rate revaluation and securitization of FGN Ways and Means Advances.

2.3 Outlook for the Domestic Economy in 2024/2025

Nigeria's output growth is expected to maintain a positive trajectory in 2024/2025. The growth prospects are dependent on continued policy support in the agriculture and oil sectors, reforms in the foreign exchange market, and the effective implementation of the Finance Act 2023 and the 2022-2025 Medium-Term National Development Plan (MTNDP). The risk to the outlook is still tilted to the downside, characterized by significant headwinds such as rising energy prices emanating from lingering effects of the Russia-Ukraine war, and the persisting security and infrastructural challenges, which could undermine the growth outlook in the short-to-medium-term. Domestic prices are expected to remain elevated through 2024/2025, on the back of spillovers from global supply constraints, and exchange rate pass-through. More so, the persisting security and infrastructural challenges could exacerbate inflationary pressures.

The performance of the fiscal sector is expected to remain on a positive recovery trajectory in 2024/2025. This outlook is contingent

on the effective implementation of the Finance Act 2023 and restructuring of key revenue generating MDAs to boost non-oil revenue. However, low domestic crude oil production, growing public debt, lingering insecurity, global economic slowdown, and the Russia-Ukraine war, could pose significant downside risks to fiscal operations in the short- to medium-term.

The financial sector is expected to remain resilient in 2024/2025. The outlook mirrors the efforts of the CBN in continuously monitoring emerging vulnerabilities and risks in the system, including periodic stress-tests, examination exercises, and the provision of risk mitigants.

The outlook for Nigeria's external sector in 2024/2025 is optimistic, on the expectation of favorable terms of trade, occasioned by sustained rally in crude oil prices and an improvement in domestic crude oil production. The positive outlook is supported by the sustenance of crude oil price, propelled by the decision to cut production, and gains from capital flows and remittances. However, lower crude oil earnings, fuel subsidy removal, rising

import bills and increased external debt servicing obligations could pose downside risks for the accretion to external reserves. In addition, the sustained monetary policy tightening by central banks across advanced economies increases the risk of capital outflow.

SECTION THREE

3.0 MONETARY AND CREDIT POLICY MEASURES FOR 2024/2025

3.1 Objectives and Strategy of Policy

In 2024/2025, monetary policy will continue to ensure monetary, price and financial system stability. In pursuance of CBN's objective, the strategy will refocus on the core mandate by discontinuing direct quasi-fiscal interventionist activities and instead utilize orthodox monetary policy tools for implementing monetary policy. Furthermore, CBN will implement an explicit inflation targeting framework to enhance the effectiveness of monetary policy during the period.

Under the new monetary policy implementation framework, the CBN will provide forward guidance, enhance transparency, and maintain effective communication with the public to anchor expectations and build trust among stakeholders.

To complement the new inflation targeting environment, CBN will continue to monitor the growth in monetary aggregates to ensure that it remains consistent with the inflation objective of the Bank. In addition, short-term interest rates will be monitored to avoid

volatility with the goal of anchoring expectations in the financial markets.

Monetary policies in the medium term will aim to foster price stability that promotes sustainable economic growth, stabilise the exchange rate of the naira, and moderate interest rates to facilitate borrowing and investments in the real sector. To ensure the proper functioning of domestic and foreign exchange markets, clear, transparent, and harmonised rules governing market operations are essential. Hence, new foreign exchange guidelines and legislation will be developed, and extensive consultations will be conducted with banks and foreign exchange market operators before implementing new requirements.

3.2 Policy Measures

During the period, CBN would deploy appropriate measures consistent with its objectives of ensuring internal and external balance of the economy. The measures would include the following:

3.2.1 Open Market Operations

Open Market Operations (OMO) shall continue to be the primary instrument for liquidity management, complemented by discount

window operations, including repurchase transactions (repo and reverse repo); foreign exchange operations and cash reserve requirements. The conduct of OMO would involve auctions and sale or purchase of CBN Bills and other designated instruments as may be prescribed from time to time by the CBN. The objective would be to maintain banking system liquidity at levels consistent with dynamic monetary policy stance by impacting the reserves of authorised and eligible participants in the market.

3.2.2 Reserve Requirements

Cash Reserve and Liquidity Ratios shall continue to be deployed as liquidity management and prudential tools, respectively.

3.2.2.1 Cash Reserve Ratio

The Cash Reserve Ratio (CRR) for deposit liabilities, which stood at 32.5 per cent and 10.0 per cent for commercial and merchant banks respectively, shall continue to apply. However, this is subject to periodic review by the CBN, given the prevailing economic and liquidity conditions. The maintenance period for the CRR shall be as prescribed from time to time.

3.2.2.2 Liquidity Ratio

At the end of the fiscal year 2023, the minimum Liquidity Ratio (LR) for commercial, merchant, and non-interest banks were 30.0, 20.0 and 10.0 per cent, respectively. These regulatory ratios shall continue to apply and may be reviewed by the CBN when necessary.

3.2.2.3 Loan-to-Deposit Ratio

The loan-to-deposit ratio at the end of the fiscal year 2023 was a minimum of 65.0 per cent and a maximum of 80.0 per cent, as directed by CBN to all banks via circular titled "[Re: Regulatory Measures to improve Lending to the Real Sector of the Nigerian Economy](#)" dated September 30, 2019 refenced [BSD/DIR/GEN/LAB/12/049](#). This regulatory ratio shall continue to apply and may be reviewed when necessary.

3.2.3 Net Open Position

The Net Open Position (NOP) limit, long or short, of the overall foreign currency assets and liabilities, inclusive of on- and off-balance sheet items, shall not exceed 10.0 per cent of shareholders' funds unimpaired by losses using the gross aggregate method.

Pursuant to circular [“Review of the limit on Foreign Borrowings by Banks” referenced BSD/DIR/GEN/LAB/10/009 dated February 13, 2017](#). The aggregate foreign currency borrowing of a domestic bank, excluding inter-group and inter-bank borrowing, shall not exceed 125.0 per cent of shareholders’ funds unimpaired by losses. Banks are expected to adopt the following risk mitigation strategies, amongst others:

- I. All borrowings should be hedged using financial market tools acceptable to the CBN;
- II. Borrowings must be subordinated debts with prepayments allowable only at the instance of the CBN and subject to prior approval of the CBN; and
- III. All debts, except trade lines, shall have a minimum fixed tenor of five (5) years.

3.2.4 Net Foreign Currency Trading Position

The maximum Net Foreign Currency Trading Position of Authorized Dealers shall be between 0.5 per cent and -10.0 per cent of their shareholders’ funds unimpaired by losses. This limit is to be maintained at the close of each business day and subject to periodic review by CBN.

3.2.5 Foreign Exchange Interventions

A. In furtherance of the CBN's new and continued efforts to promote transparency, efficiency and liquidity in the foreign exchange market, the Bank announced on June 14, 2023, that all market segments have been collapsed into the Nigerian Foreign Exchange Market (NFEM).

The CBN has adopted the model of “willing buyers, willing sellers” at the NFEM. Its activities are guided by an existing circular establishing the window, titled [“Establishment of Investors’ & Exporters’ FX Window” dated April 21, 2017 and referenced FMD/DIR/CIR/GEN/08/007.](#)

Additionally, the following applies:

1. The weighted average rate of the previous day's trades on Reuters is taken, and this is considered the utilization rate for all government-related trades;
2. Prohibition of the trading limits on oversold foreign exchange positions with permission to hedge short positions with Over-the-Counter (OTC) futures;
3. Re-introduction of the order-based two-way quotes with ₦1 bid and ask spreads;

4. All transactions are processed by a Central Counter Party (CCP);
5. Re-introduction of the order book to ensure order transparency and smooth execution of trades;
6. Trading hours are 9am to 4pm Nigerian time; and
7. The RT200 rebate program and Naira4Dollar Remittance Scheme have been discontinued from June 30, 2023. (see attached for relevant circular).

B. In order to promote a market-based price discovery system, the CBN issued a circular titled [“Removal of the Spread on Foreign Exchange Transactions” dated February 8, 2024](#) [referenced FMD/DIR/PUB/CIR/001/012](#) directing banks to discontinue any cap on the spread on interbank foreign exchange transactions and restrictions on the sale of interbank proceeds.

3.2.6 Foreign Exchange Interventions in Renminbi

Further to the [“Regulation for the Transaction of Renminbi” issued by CBN on June 7, 2018](#) and the renewal of the Bilateral Currency Swap Agreement (BCSA) with the Peoples Bank of China (PBoC), the CBN may sustain the conduct of auctions for the sale of Renminbi on trade-backed

transactions to authorized dealers. Authorized dealers in the CBN auctions shall comply with the following provisions, amongst others:

- i. Open Renminbi account with a correspondent bank and submit the account details to the CBN;
- ii. Importers intending to import from China shall obtain a proforma invoice denominated in Renminbi;
- iii. FX purchased from the Renminbi auctions are strictly for payment to the beneficiary resident in the People's Republic of China; and
- iv. Authorised dealers are not allowed to open domiciliary accounts denominated in Renminbi.

3.2.7 Over-the-Counter Futures Trade Transactions

The revised Guidelines for the operationalisation of the Nigeria foreign exchange market released on June 15, 2016, which introduced the Naira Settled Over-the-Counter (OTC) Futures shall remain in force during the period. Thus, to enhance efficiency in trade and post-trade activities and build confidence in the financial markets, all participating banks are mandated to pledge collateral of ₦1.0 billion worth of Government/CBN Securities for

OTC settlement as provided in Circular [“Pledge of N1Billion \(One Billion Naira\) worth of Government/CBN Securities for OTC Trade Settlement”](#) referenced FMD/DIR/CIR/GEN/09/003 and dated [May 31, 2018](#).

3.2.8 Discount Window Operations

The discount window at the CBN shall be available for authorised dealers to access within the period, using the instruments provided in the Circular [“Guidelines for the Conduct of Repurchase Transactions under CBN Standing Facilities”](#) referenced [FMD/DIR/PUB/GUI/01/001](#), dated [April 12, 2021](#).

3.2.8.1 Standing Facilities

(i) Standing Lending Facility

The Standing Lending Facility (SLF) shall be open to Deposit Money Banks (DMBs) and other eligible financial institutions that have executed the Nigerian Master Repurchase Agreement (NMRA) with the CBN. Eligible counterparties with temporary liquidity shortfalls can access the CBN window for an overnight or tenured facility to bridge the gap subject to specified terms and/or requirements.

(ii) Standing Deposit Facility

The Standing Deposit Facility (SDF) shall be open to authorised dealers with excess liquidity at the close of interbank operations. The remunerable daily placements by banks at the SDF shall be as may be determined by the Monetary Policy Committee of the CBN from time to time.

(iii) Intra-day Liquidity Facility

The Intraday Liquidity Facility (ILF) shall enable Authorised Dealers with liquidity shortfalls to access funds at the CBN window and repay same within the business day, at no cost. Failure to repay within the day shall automatically convert ILF to SLF at a punitive interest rate.

3.2.8.2 Non-Interest Financial Instruments

The following instruments and any other(s) that may be determined by the CBN can be accessed by the Non-Interest Financial Institutions (NIFIs) during the period.

(i) CBN Safe Custody Account

The CBN Safe-Custody Account (CSCA) instrument, based on the concept of safe custody, shall enable any NIFI with surplus funds to make a deposit at the CBN as a custodian without any expectation

for a return, nor have an obligation to do so, but, a discretion to give a gift (or *hibah*). The tenors for the placement shall continue to be overnight, three-day, seven-day, and any other tenor as may be prescribed by CBN, subject to roll-over on maturity for the same term, either by the participating NIFI or the CBN.

(ii) CBN Non-Interest Note

The CBN Non-Interest Note (CNIN) instrument evidences an interest-free loan by an authorised NIFI (lender) to the CBN (borrower). The instrument subsequently entitles the NIFI to raise a corresponding interest-free loan from the CBN at a later date, subject to specified conditions and/or requirements set in the Circular [“Revised Guidelines for the Operation of Non-Interest Financial Institutions’ Instruments by the Central Bank of Nigeria”](#) referenced [FMD/DIR/PUB/GUI/001/002, dated June 9, 2022.](#)

(iii) CBN Non-Interest Asset-Backed Securities

CBN Non-Interest Asset-Backed Securities (CNI-ABS) involve the securitization of CBN’s holdings in International Islamic Liquidity Management (IILM) securities and/or Sukuk issued by a multilateral organization of which Nigeria is a member. The underlying assets shall be short-to-medium term and tradeable in the secondary

market.

(iv) Funding for Liquidity Facility

Funding for Liquidity Facility (FfLF) shall remain available within the period on an overnight basis, to be terminated on the next business day. Access shall be opened to authorized NIFIs who shall provide eligible securities as collateral for the facility, the value of the collateral shall be a minimum of 120.0 per cent but subject to the tenor of the pledged securities and the associated hair cut as may be revised or approved by the CBN from time to time, which is also subject to discretionary charges in line with the Monetary policy stance.

(iv) Intra-day Facility

The Intra-day Facility (IDF), which enables NIFIs to meet temporary liquidity shortages during the business day, shall remain available in the period. Repayment of the funds borrowed at the CBN shall take place before the end of the business day. Failure to pay within the day shall lead to an automatic conversion of the IDF to a Funding for Liquidity Facility, subject to a penal rate as may be determined by the CBN from time to time. The IDF shall be provided against eligible securities which include the CSCA, CNIN, CNI-ABS,

Warehouse receipts, Sukuk instruments with liquidity status, and any other collateral designated by the Bank that does not contravene the Guidelines for NIFIs Operations.

3.2.8.3 Special Bills

These are discretionary instruments that shall be used by the CBN to deepen the financial markets for liquidity management purposes.

(i) CBN Special Bills

To sustain efforts at effectively managing the banking system liquidity, the Bank shall continue to utilise available tools at its disposal. Consequently, CBN Special Bills (CBN-SB) shall continue to be used in the management of the banking system liquidity, subject to terms and conditions determined by the Bank from time to time.

The CBN Special Bills shall be issued at the discretion of the Bank and applicable to conventional banks at the CBN window. Features of the instrument shall include:

- i. tenors of 35, 63, 91, 126, 154 and 182 days, or as may be determined by CBN from time to time;
- ii. tradability amongst banks, retail and institutional investors;
- iii. determination of the applicable yield at issuance by the CBN;
- iv. ineligibility for repurchase agreement and re-discounting at the CBN window; and

- v. qualification as a liquid asset in the computation of liquidity ratio for DMBs.

(ii) CBN Non-Interest Special Bills

In line with the [“Revised Guidelines for the Operation of Non-Interest Financial Institutions’ Instruments by the Central Bank of Nigeria, 2022”](#) referenced [FMD/DIR/PUB/GUI/001/002 dated June 9, 2022](#), the CBN Non-Interest Special Bills (CNI-SB) shall be issued by CBN to eligible Non-Interest Bank (NIB) (see attached for relevant Circular) as and when deemed appropriate. The CNI-SB evidences an interest-free loan taken by CBN from the NIB. After maturity, the NIB may borrow ten (10) per cent of the value of the matured Bills from CBN within 30 days, for a period equivalent to one-third (1/3) of the tenor of the initial loan taken by the CBN, subject to established liquidity needs from the maturity day to the request day.

Other features of the CNI-SB shall include:

- a. Issuance and redemption at par;
- b. Tenor to be determined by the CBN;
- c. Transferability at par amongst financial institutions specified by CBN;
- d. Ineligibility for CBN discount window operations; and

- e. Qualification as a liquid asset in the computation of liquidity ratio.

3.2.9 Federal Government of Nigeria Instruments

The FGN, through the Debt Management Office (DMO), in collaboration with the CBN and other relevant stakeholders shall continue to determine the issuance, features, and frequency of its instruments in the market. These instruments shall comprise Nigerian Treasury Bills (NTBs), FGN Bonds, Sukuk, Promissory Notes, Savings Bonds, Green Bonds and any other securities as may be determined by the fiscal authority, within the period. The issuance of the instruments would support the FGN funding needs, ensure the orderly development of public debt markets, and deepen the financial markets.

3.2.10 Interest Rate Policy

Interest rates in the 2024/2025 fiscal years shall continue to be market-driven. The CBN shall continue to influence interest rates indirectly, through the adjustment of its anchor rate, the MPR. Accordingly, interest rates used by banks in the 2024/2025 fiscal years shall comply with the following guidelines:

- a. Banks shall continue to pay negotiated interest rates on current account deposits at the instance of the customer.
- b. Banks shall continue to pay negotiated interest rates on savings account deposits as provided in [Guide to Charges by Banks, Other Financial and Non-Bank Financial Institutions](#), or any other policy, circular or guideline that may be issued by CBN from time to time.
- c. Where special-purpose deposits (such as deposits held as collateral or other similar deposits) are held, banks shall pay interest at a rate negotiated with the customer, subject to a minimum of 30.0 per cent of MPR per annum for naira denominated deposits. A special purpose deposit, as used in these Guidelines, is a deposit made by, on behalf of, or transferred from the customer's account, which is not accessible to the customer, for more than seven (7) days.
- d. The applicable interest rate on foreign currency denominated deposits held as collateral shall be negotiable.

- e. The reducing balance method shall be employed for calculating interest charged on loans repayable in instalments. The use of any other method for calculating interest on loans payable in agreed instalments, such as the discount method or the simple interest straight-line method that would result in the payment of higher effective rates of interest than the contracted rate is not allowed.
- f. A statement of account shall be rendered promptly to each account holder minimally on a monthly basis free of charge and shall include:
 - i. rates of interest on over-drawn accounts, the amount and the period; and
 - ii. details of operation of the account during the month.
- g. Interest on savings deposit shall be accrued on daily basis and credited to the customer's account at the end of each month.
- h. The balance on a personal savings account on which interest is payable is not subject to any threshold.

- i. Banks shall continue to ensure the correctness of charges and interest payable on deposit accounts.
- j. Where a bank discovers a non-payment or underpayment of interest on deposits, other entitlements, excessive interest and/or bank charges, CBN shall refund the charges and/or excessive interest to the customer within two (2) weeks of the discovery/customer complaint, with simple interest at CBN's prevailing maximum lending rate from the date of such non-payment, underpayment and/or excessive interest up to the date of refund, along with a letter of apology to the customer. Where necessary, the customer's account should be reconstructed. Any bank that fails to comply with this provision shall, in addition to the refund to the customer, be liable to a penalty as may be prescribed by the CBN.
- k. Where a bank discovers a non-payment or underpayment of interest in foreign currency denominated accounts, other entitlements, excessive interest and/or bank charges, the CBN shall refund the

charges and/or excessive interest to the customer within two (2) weeks of discovery/customer complaint, with simple interest at the CBN's maximum lending rate for foreign currency denominated loans, along with a letter of apology to the customer. Any bank that fails to comply with this provision shall, in addition to the refund to the customer, be liable to a penalty as may be prescribed by the CBN.

In accordance with the provisions of the Banks and Other Financial Institutions Act, 2020 (BOFIA) and the amendments to the Monetary Policy Circular No. 30 of 1996, continue to display daily at their offices, current lending and deposit rates, as well as publish such applicable rates daily on their websites and weekly in national newspapers as contained in the Circulars ["Publication of Interest Rates" referenced BSD/DIR/GEN/CIR/02/019 dated January 29, 2009](#) and ["Re: Publication of Interest Rates" BSD/DIR/GEN/CIR/01/023 dated October 14, 2009](#).

3.2.11 Determination of Banks' Cost of Funds

In the 2024/2025 fiscal years, banks shall continue to employ the weighted average cost of funds methodology in the computation

of their cost of funds. The applicable cost items shall include interest cost on the different types of deposit liabilities, borrowings from the inter-bank funds market, payments in respect of deposit insurance premium and costs due to reserve requirements. It should be noted that overhead costs are excluded from this computation.

3.2.12 Framework for the Implementation of Risk-Based Interest Pricing Model

The CBN expect banks to seek profitability by driving down costs and charging competitive rates instead of charging excessive rates of interest. Therefore, banks shall develop and implement a Risk-Based Pricing Model in line with the provisions of the CBN circular [BSD/DIR/GEN/CIR/04/015](#) titled [“The Need for Banks to Develop and Implement a Risk-Based Pricing Model”](#) issued on April 30, 2010.

To ensure that the MPR is an effective tool for driving lending rates, banks are expected to disclose their prime and maximum lending rates as a fixed spread over the MPR.

3.2.13 Opening of New Accounts/Customer Due Diligence

Pursuant to the CBN's commitment to enhancing financial inclusion, the simplified Know-Your-Customer (KYC) measures shall subsist. This is aimed at enabling more individuals, especially low-

income groups, to access and use regulated financial services, increase their reach and the effectiveness of Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) regimes.

Banks and other financial institutions (OFIs) shall continue to apply the Know-Your Customer (KYC) principles and Customer Due Diligence (CDD) as specified in [CBN AML/CFT/CPF Regulations, 2022](#), the [CBN CDD Regulations, 2023](#), and other regulatory guidelines. Financial institutions are required to continue to observe the restrictions and limits on levels I and II of the Tiered KYC accounts as contained in the CBN circular [“Circular to Banks and Other Financial Institutions”](#) referenced FPR/DIR/CIR/GEN/06/002 of July 1, 2016, as well as [“Circular to all Commercial, Merchant, Non-Interest and Payment Service Banks; Other Financial Institutions, and Mobile Money Operators”](#) referenced PSM/DIR/PUB/CIR/001/053 dated [December 01, 2023](#).

3.2.14 Guidance Note on Politically Exposed Persons

The [“Guidance Note on Politically Exposed Persons \(PEPs\)”](#) referenced FPR/DIR/PUB/CIR/007/075 dated June 22, 2023 requires banks and OFIs to establish measures for identifying and mitigating

potential money laundering, terrorism financing, and proliferation of financing (ML/TF/PF) risks posed by high-risk customers, including Politically Exposed Persons (PEPs).

3.2.15 Guidance on Ultimate Beneficial Ownership of Legal Persons and Legal Arrangements

The [“Guidance on Ultimate Beneficial Ownership of Legal Persons and Legal Arrangements”](#) referenced [FPR/DIR/PUB/CIR/001/064 dated January 12, 2023](#) is aimed at assisting financial institutions (FIs) in identifying and verifying the beneficial owners of legal persons and legal arrangements in line with extant AML/CFT/CPF laws and regulations.

3.2.16 Consolidated Supervision

In 2024 and 2025, CBN through the Financial Services Regulation Coordinating Committee (FSRCC), shall continue to use the consolidated supervision approach in the oversight of financial holding companies.

3.2.17 Credit Risk Management System

Banks shall continue to comply with the provisions of the existing Credit Risk Management System (CRMS) as stipulated in the Circular to all banks on [“Regulatory Guidelines for the Operation of the](#)

[Redesigned Credit Risk Management System \(CRMS\) for Commercial, Merchant and Non-Interest Banks in Nigeria](#) referenced [FPR/DIR/GEN/CRM/06/012](#) dated February 27, 2017 and [“Redesigned Credit Risk Management System, Additional Regulatory Guidelines for the Operations of the Redesigned CRMS”](#) referenced [FPR/DIR/GEN/CIR/07/007](#) dated September 10, 2018. In addition, Other Financial Institutions (OFIs) are expected to comply with the provisions of [“Re: Enrolment of Other Financial Institutions \(OFIs\) on the Credit Risk Management System \(CRMS\)”](#) referenced [FPR/DIR/PUB/CIR/001/049](#) dated May 24, 2022. These circulars mandate banks and OFIs to report credit facilities on the CRMS platform before disbursement to customers.

3.2.18 Rendition of Returns by Banks and Other Financial Institutions

All banks shall render, in a timely manner and in the prescribed format, accurate reports of their activities for the daily, monthly, quarterly, and semi-annual returns. The returns shall be rendered through the Financial Analysis (FinA) System and any other medium, as may be required. Daily returns shall be submitted by 10:00 am of the next business day, while monthly, quarterly, and semi-annual returns shall be submitted on or before the 5th day of the subsequent

month. Where the 5th day falls on a weekend or on a public holiday, the returns shall be submitted on the preceding business day.

Banks and OFIs shall continue to render weekly returns on deposit and lending rates to CBN. The rates shall include all charges, commissions, and fees, annualised and added to the base lending rates to arrive at the all-inclusive rate.

3.2.19 Non-Compliance with extant Laws and Regulations

CBN shall continue to enforce penalties for non-compliance with extant laws and regulatory guidelines, in the 2024/2025 fiscal years.

3.2.19.1 Compliance with Anti-Money Laundering, Combating the Financing of Terrorism, and Countering Proliferation Financing, Laws and Regulations

Banks and OFIs shall continue to observe high ethical standards and ensure compliance with the relevant Anti-Money Laundering, Combating the Financing of Terrorism (AML/CFT), and Countering Proliferation Financing (CPF) laws and regulations, governing their operations.

The CBN shall continue to enforce the provisions of the [Money Laundering \(Prevention and Prohibition\) Act 2022](#), [Terrorism \(Prevention and Prohibition\) Act 2022](#), [CBN \(AML/CFT/CPF\)](#)

[Regulations 2022, Guidelines for Licensing of Banks and Other Financial Institutions in Nigeria on Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction, 2022](#) and other relevant regulations.

Banks and OFIs shall continue to strengthen their governance systems and enhance the identification, monitoring and reporting of money laundering, terrorism financing, and proliferation financing. All institutions are also required to upscale their platforms for the efficient and timely rendition of Suspicious Transactions Reports (STRs) on ML/FT/PF in line with extant laws and regulations.

3.2.19.2 Co-operation and Collaboration with Stakeholders on Anti-Money Laundering, Combating the Financing of Terrorism, and Countering Proliferation Financing

The CBN shall continue to cooperate and collaborate with domestic and international bodies to strengthen the Anti-Money Laundering, Combating the Financing of Terrorism, and Countering Proliferation Financing (AML/CFT/CPF) regime in Nigeria.

In addition, the CBN shall continue to collaborate with relevant law enforcement agencies while determining the appointments of 'fit and proper persons' as Directors of financial institutions licensed by

the CBN, as well as the suitability of promoters of financial institutions. Accordingly, banks and OFIs shall cooperate with law enforcement authorities within the limits of the rules governing confidentiality in compliance with Recommendation 2 of the Financial Action Task Force (FATF).

Any financial institution that reasonably suspects that funds lodged in an account or transactions being entered into are derived from any of the predicate offences or criminal activities or intentions, shall observe the procedures for filing suspicious transactions reports consistent with extant reporting requirements.

3.2.19.3 Sanctions for non-compliance with extant AML/CFT Laws and Regulations

Banks and other financial institutions should note that breaches and non-compliance with the relevant provisions of the extant laws and regulations on Anti Money Laundering/Combating the Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) would be penalised in accordance with the provisions of the CBN AML/CFT/CPF (Administrative Sanctions) Regulations, 2023.

3.2.20 Macro-Prudential Regulation

The CBN shall sustain the use of top-down monthly banking industry solvency, liquidity stress testing, dynamic stress testing, contagion risk analysis and other macro-prudential tools in assessing the health of banks. Similarly, banks shall continue to conduct and submit to the CBN, their quarterly bottom-up solvency stress testing reports.

3.2.21 Risk Management, Corporate Governance and Whistleblowing

The CBN's ["Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria"](#) [referenced FPR/DIR/PUB/CIR/001/078 dated July 13, 2023](#) shall remain in force, in addition to the [Nigerian Code of Corporate Governance \(NCCG\) 2018](#), issued by the Financial Reporting Council of Nigeria (FRCN).

The CBN will continue to use the Corporate Governance Scorecard, Annual Board Evaluation Report and monthly/quarterly rendition of returns to monitor compliance with the Code of Corporate Governance. Failure or late rendition of returns by any bank will attract appropriate sanctions.

3.2.22 Guidelines for Global Standing Instruction for Individuals

The objectives of the CBN Circular titled [“Operational Guidelines on Global Standing Instruction \(GSI\) – Individuals”](#) referenced [FPRD/DIR/GEN/CIR/07/056 dated July 13, 2020](#) include:

- a. Reduce non-performing loans in the banking industry;
- b. Facilitate improved credit repayment culture; and
- c. Watch-listing consistent loan defaulters.

Banks are expected to render returns on the GSI. Failure or late rendition of returns by any bank will attract appropriate sanctions.

3.2.23 Supervision of Credit Guarantee Companies in Nigeria

The [“Guidelines for the Regulation and Supervision of Credit Guarantee Companies \(CGCs\) in Nigeria”](#) referenced [FPR/DIR/PUB/CIR/001/042, dated March 23, 2022](#) stipulates the minimum licensing, governance and prudential requirements for prospective CGCs. The guidelines are expected to create a conducive environment for Micro, Small and Medium Enterprises (MSMEs) to access credit at favourable interest rates from banks and financial institutions and provide third-party credit risk mitigation to lenders through the absorption of a portion of the

lender's losses on the loans made to Nigeria-based MSMEs in case of default.

3.2.24 Regulation of Representative Offices of Foreign Banks in Nigeria

The [“Guidelines for the Regulation of Representative Offices of Foreign Banks in Nigeria”](#) referenced [FPR/DIR/PUB/CIR/001/073](#) [dated May 03, 2023](#), specifying the requirements for the licensing and operations of approved representative offices of foreign banks in Nigeria shall continue to apply. The guidelines cover the permissible and non-permissible activities for representative offices, as well as its licensing, governance, reporting, and operational requirements.

3.2.25 Policy on Transparency in Financial Transactions

The CBN shall continue to implement capital verification exercise as part of the process for issuing an Approval-in-Principle (AIP) for potential financial institutions. This exercise involves scrutinising the capital deposited with the CBN to ensure that the funds are neither borrowed from the financial system nor laundered. It also involves examining the consolidating account, tracing the immediate

source of the funds deposited with the CBN and investigating the economic activities that generated the funds.

3.2.26 Ways and Means Advances

Ways and Means Advances shall continue to be available to the Federal Government to finance deficits in its budgetary operations to a maximum of 5.0 per cent of the previous year's actual collected revenue. Such advances shall be liquidated as soon as possible and shall in any event be repayable at the end of the year in which it was granted.

Consistent with the banking arrangement of Treasury Single Account (TSA), Ways and Means Advances would now be determined after recognising the sub-accounts of the various MDAs, which are now linked to the Consolidated Revenue Fund (CRF) to arrive at the FGN consolidated cash position. This would continue in the 2024/2025 fiscal years.

3.2.27 Treasury Single Account

The Treasury Single Account (TSA) forms part of the government's public financial management reform programme, through which most Federal Government of Nigeria (FGN) accounts are harmonised into a single account and linked to the Consolidated

Revenue Fund (CRF). The CBN will continue to collaborate with the Office of the Accountant General of the Federation (OAGF) to ensure improvement in the process. To improve the operation of the TSA, the CBN Internet Banking (CIB) was developed for the use of external customers. Furthermore, the CBN adopted via the circular titled “Issuance of the Rules for the Regulations of Treasury Single Account (TSA) Operations in Nigeria” referenced BKS/CSO/CON/DMB/02/044 dated January 18, 2022, an Aggregator Model through routing of transaction details to the Transaction Query System (TQS), as part of its efforts to improve the efficiency of TSA collections and allow participation of multiple Payment Solution Service Providers (PSSPs) in the e-Collection segment of the scheme. The initiative allows eligible licensed PSSPs to transmit collection through the Nigerian Interbank Settlement System (NIBSS) for settlement at the CBN, thus promoting competition and efficient service delivery, which would ultimately reduce e-Collection charges.

The CBN shall continue to develop effective models for e-Payment and the e-Collection segments under the TSA scheme.

The CBN envisages to interface directly with the Government Integrated Financial Market Information System (GIFMIS) platform as well as make the TSA payments instant within the fiscal years of 2024/2025.

Similarly, the CBN shall continue to work towards enabling the use of eNaira Wallet/Channels by payers to pay into government accounts at the CBN, and, allow Ministries, Departments and Agencies (MDAs) to initiate vendor/beneficiary payments from their respective eNaira Wallets.

3.3 Supervisory Measures

3.3.1 Guidelines on Regulatory Capital

Banks shall continue to comply with the CBN [Guidelines on Regulatory Capital and Supervisory Review Process of Internal Capital Adequacy Assessment Process \(ICAAP\) as contained in the circular BSD/DIR/PUB/LAB/14/063 dated September 2, 2021](#). This circular revised the Basel II guidelines on Regulatory Capital and introduced some Basel III standards with effect from November 2021.

The review aims to:

- i. strengthen the regulation and supervision of Nigerian banks,
- ii. promote the implementation of better risk management practices and governance arrangements within the Nigerian banks,
- iii. enhance the implementation of Basel II and III standards in Nigeria,
- iv. reduce the risk of a build-up of excessive leverage in individual banks and the banking system;
- v. provide a safeguard against excessive concentration;

- vi. strengthen the resilience of Nigerian banks by increasing the minimum requirement for high quality capital and preservation of capital that can absorb losses; and
- vii. to promote the build-up of capital and liquidity buffers by the Nigerian banks.

The Guidelines cover the following standards:

- a. Liquidity Coverage Ratio (LCR)
- b. Liquidity Monitoring Tools
- c. Liquidity Risk Management and Internal Liquidity Adequacy Assessment Process (ILAAP)
- d. Leverage Ratio Requirements (LRR)
- e. Large Exposures
- f. Regulatory Capital definition
- g. Supervisory Review and Evaluation Process of Internal Capital Adequacy Assessment Process (ICAAP)

3.3.2 Basel Core Principles' Self-Assessment and Financial Sector Assessment Programme

To determine its level of compliance with the Basel Core Principles (BCPs) for effective banking supervision, the CBN shall carry out a self-assessment of compliance with the BCPs preparatory to the Financial Sector Assessment Programme (FSAP).

3.3.3 Publication of Defaulters of Foreign Exchange Policy on PTA/BTA

In compliance with the CBN circular referenced [BSD/DIR/PUB/LAB/14/059 dated August 30, 2021 on “Publication of Names of Defaulters of the CBN Policy on Sale of Forex For PTA/BTA”](#), all banks shall publish the names and BVN of customers who present fake travel documents or cancel their flight tickets and fail to return the PTA/BTA they purchased within two (2) weeks as stipulated in the customer's declaration form.

3.3.4 Sale of Foreign Exchange to Retail Customers at Bank Branches

All banks shall set up teller points at designated branches across the country to fulfil legitimate FX requests for PTA/BTA, tuition fees, medical payments, SME Transactions, etc., in accordance with circular referenced [BSD/DIR/PUB/LAB/14/052 dated July 28, 2021 titled “Teller Points at Bank Branches for the Sale of FX to Retail Customers”](#).

3.3.5 Policy Stance on Virtual Assets Transactions

All banks and other financial institutions under the regulatory purview of the CBN dealing in Virtual Assets including

cryptocurrencies and crypto assets shall be governed by the provisions of the [“Guidelines on Operations of Bank Accounts for Virtual Assets Service Providers \(VASPs\)”](#) via the circular referenced [FPR/DIR/PUB/CIR/002/003 dated December 22, 2023.](#)

3.3.6 Stimulating Long Term Lending

In accordance with circular [BSD/DIR/GEN/LAB/13/015 dated August 26, 2020](#), on “Stimulating Long Term Lending”, the CBN approved a risk-weight of 50.0 per cent for all exposures to specified sectors, namely, agriculture, real estate, construction, transportation, and storage with a maturity of 3 – 5 years. This provision, however, is subject to review by the CBN as the need arises.

3.3.7 Issuance and Treatment of Bankers’ Acceptances and Commercial Papers

To standardise the treatment of Bankers’ Acceptances and Commercial Papers, all banks shall continue to comply with the [“Guidelines on the Issuance and Treatment of Bankers’ Acceptances and Commercial Papers”](#) dated September 11, 2019, to deepen and facilitate the efficient functioning of the Nigerian money market.

3.3.8 Credit Risk Management

To enhance credit risk management in the banking system, banks are mandated to adhere to various circulars, guidelines and other enactments of the CBN.

3.3.8.1 Credit Bureaux

The operations of private credit bureaux shall be guided by the provisions of the [Credit Reporting Act, 2017](#) and the [National Credit Reporting System Regulation, 2019](#) during the 2024/2025 fiscal years.

Thus, banks and other financial institutions shall continue to:

- a. Have data exchange agreements with at least two (2) licensed credit bureaux;
- b. Obtain credit reports from at least two (2) licensed credit bureaux in addition to the CBN CRMS before granting any new credit facility, or when reviewing, renewing or restructuring an existing facility;
- c. Obtain credit reports for quarterly credit reviews on all existing facilities from at least two (2) licensed credit bureaux;

- d. Upload loan data of all its existing credit customers to the credit bureau with which it has executed data exchange agreements; and
- e. Update any change in the data submitted to the credit bureaux pursuant to the relevant provision of the Act, at least on a monthly basis or more frequently, or in accordance with a schedule provided by the credit bureaux.

3.3.8.2 Credit Scoring Regime

The CBN shall require all identified data controllers to provide data to the central depository for the purpose of generating credit scores. This is to improve the credit space and unlock access to consumer and retail loans.

3.3.8.3 New Offer Letter Clause for Credit Facilities

To enhance credit risk management in the banking system, banks are mandated to adhere to the provisions of the [circular referenced BSD/DIR/GEN/LAB/12/054 dated August 26, 2019 on "New Offer Letter Clause for Credit Facilities"](#). This provides that the terms and conditions in offer letters and loan agreements be signed by prospective obligors, which shall include an undertaking by the

obligor permitting the CBN to have access to and utilise the deposits of the obligor in the banking industry when in default.

3.3.9 Publication of Annual Financial Statements

Pursuant to the provisions of the [Banks and Other Financial Institutions Act \(BOFIA\) 2020](#), banks and other financial institutions are required, subject to the written approval of the CBN, to publish not later than three (3) months after the end of each financial year, their audited financial statements, in two national daily newspapers printed and circulated in Nigeria. To facilitate the implementation of consolidated supervision, all banks and their subsidiaries shall continue to adopt December 31 as their accounting year end. The CBN shall continue to hold the Board Chairman and Managing Director/Chief Executive Officer (MD/CEO) of a defaulting bank directly responsible for any breach and impose appropriate sanctions which may include the following:

- (i) Barring the MD/CEO or his/her nominee from participating in Bankers' Committee and disclosing the reason for such suspension;

- (ii) Suspension of the foreign exchange dealership licence of the CBN and its name sent to the Nigerian Exchange Group (in the case of a public quoted company); and
- (iii) Removal of the Chairman and MD/CEO from office if the accounts remain unpublished for twelve (12) months after the end of the bank's financial year.

3.4 The Payments System

The CBN shall continue to enhance the credibility, reliability, efficiency, and safety of the national payments system through the formulation and enforcement of policies, guidelines, and appropriate payments initiatives, as well as collaboration with relevant stakeholders.

3.4.1 Payments System Vision

To achieve the vision of creating a payments system that is nationally utilised and internationally recognised, the CBN shall continue to implement the Payments System Vision (PSV) 2025 in the 2024/2025 fiscal years. This aims to promote the safety and efficiency of the payments system, deepen financial inclusion, improve the competitiveness of the payment service providers, and facilitate economic activities.

3.4.2 Security of the Payments System

The CBN shall continue to ensure that all regulated entities in the payments space conduct their operations in line with global payment industry standards. These include: Payment Application Data Security Standard (PA DSS); Payment Card Industry PIN Entry Device (PCI PED); Payment Card Industry Data Security Standard (PCI DSS); Triple Data Encryption Standard (Triple DES); Europay, MasterCard and Visa (EMV) Standards; and others as may be stipulated from time to time. Card schemes and financial institutions shall ensure that all cards produced and issued in Nigeria are chip-based.

The CBN shall continue to ensure that entities in the payments system strictly comply with all existing policies and guidelines including the following:

- i. [Circular on the Revised Standards on Nigeria Uniform Bank Account Number \(NUBAN\) for Banks and Other Financial Institutions, referenced PSM/DIR/CON/CWO/05/030 dated March 9, 2020;](#)
[https://www.cbn.gov.ng/Out/2020/PSMD/REVISED%20STANDARD S%20ON%20NIGERIA%20UNIFORM%20BANK%20ACCOUNT%20NUMBER%20\(NUBAN\)%20FOR%20BANKS%20AND%20OTHER%20FINAN](https://www.cbn.gov.ng/Out/2020/PSMD/REVISED%20STANDARD%20ON%20NIGERIA%20UNIFORM%20BANK%20ACCOUNT%20NUMBER%20(NUBAN)%20FOR%20BANKS%20AND%20OTHER%20FINAN)

[CIAL%20INSTITUTIONS%20.pdf](#)

- ii. [Guidelines on Operations of Electronic Payment Channels in Nigeria, dated June, 2020;](#)
<https://www.cbn.gov.ng/Out/2020/CCD/Reviewed%20and%20Approved%20Guidelines%20on%20Operations%20of%20Electronic%20Payment%20Channels%20in%20Nigeria%202020.pdf>
- iii. [New License Categorisation for the Nigerian Payments System referenced PSM/CIR/GEN/CIR/01/22 dated December 9, 2020;](#)
<https://www.cbn.gov.ng/Out/2020/CCD/Categorization%20of%20PSPs.pdf>
- iv. [Circular on Receipts of Diaspora Remittances: Additional Guidelines referenced PSM/DIR/CON/CWO/16/119, dated December 16, 2020;](#)
<https://www.cbn.gov.ng/Out/2020/CCD/RECEIPT%20OF%20DIASPORA%20REMITTANCES%20ADDITIONAL%20OPERATIONAL%20GUIDELINES.pdf>
- v. [Circular on Receipts of Diaspora Remittances: Additional Guidelines 2 referenced PSM/DIR/CON/CWO/16/126, dated December 18, 2020;](#)

<https://www.cbn.gov.ng/Out/2020/CCD/RECEIPT%20OF%20DIASPORA%20REMITTANCES%20ADDITIONAL%20OPERATIONAL%20GUIDELINES%202.pdf>

- vi. [Framework for Regulatory Sandbox Operations, dated January 2021;](#)

<https://www.cbn.gov.ng/Out/2021/CCD/FREAMEWORK%20FOR%20REGULATORY%20SANDBOX%20OPERATIONS.pdf>

- vii. [Framework for Quick Response \(QR\) Code Payments in Nigeria, dated January 2021;](#)

[https://www.cbn.gov.ng/Out/2021/CCD/FREWORK%20FOR%20QUICK%20RESPONSE%20\(QR\)%20CODE%20PAYMENTS%20IN%20NIGERIA.pdf](https://www.cbn.gov.ng/Out/2021/CCD/FREWORK%20FOR%20QUICK%20RESPONSE%20(QR)%20CODE%20PAYMENTS%20IN%20NIGERIA.pdf)

- viii. [Circular on Issuance of Regulatory Framework for Open Banking in Nigeria, referenced PSM/DIR/PUB/CIR/02/001 dated February 17, 2021.](#)

<https://www.cbn.gov.ng/Out/2021/PSMD/Circular%20on%20the%20Regulatory%20Framework%20on%20Open%20The%20banking%20in%20Nigeria.pdf>

- ix. [Circular on Issuance of the Regulatory Framework for Non-Bank Acquiring in Nigeria, referenced PSM/DIR/CON/CWO/20/063, dated May 25, 2021.](#)

<https://www.cbn.gov.ng/out/2021/ccd/regulatory%20framework%20for%20non-bank%20acquiring%20in%20nigeria%202021.pdf>

- x. [Supervisory Framework for Payment Service Banks, dated July, 2020.](#)

<https://www.cbn.gov.ng/Out/2021/CCD/Supervisory%20Framework%20for%20PSBs.pdf>

- xi. [Regulatory Framework for Mobile Money Services in Nigeria, dated July 2021.](#)

<https://www.cbn.gov.ng/Out/2021/CCD/Framework%20and%20Guidelines%20on%20Mobile%20Money%20Services%20in%20Nigeria>

[a%20-%20July%202021.pdf](#)

- xii. [Circular on Issuance of the Guidelines for Licensing and Regulation of Payments Service Holding Companies in Nigeria, referenced PSM/DIR/CON/CWO/20/095, dated August 3, 2021.](#)

<https://www.cbn.gov.ng/Out/2021/CCD/CIRCULAR%20AND%20GUIDELINES%20FOR%20LICENSING%20AND%20REGULATION%20OF%20PAYMENTS%20SERVICE%20HOLDING%20COMPANIES%20IN%20NIGERIA.pdf>

- xiii. [Revised Regulatory Framework for Bank Verification Number \(BVN\) Operations and Watch-List for the Nigerian banking Industry, referenced PSM/DIR/PUB/CIR/01/027, dated October 12, 2021.](#)

[https://www.cbn.gov.ng/Out/2021/CCD/REVISED%20REGULATOR%20FRAMEWORK%20FOR%20BANK%20VERIFICATION%20NUMBER%20\(BVN\)%20OPERATIONS%20AND%20WATCH-LIST%20FOR%20THE%20NIGERIAN%20THE%20BANKING%20INDUSTRY%20121021%20FINAL.pdf](https://www.cbn.gov.ng/Out/2021/CCD/REVISED%20REGULATOR%20FRAMEWORK%20FOR%20BANK%20VERIFICATION%20NUMBER%20(BVN)%20OPERATIONS%20AND%20WATCH-LIST%20FOR%20THE%20NIGERIAN%20THE%20BANKING%20INDUSTRY%20121021%20FINAL.pdf)

- xiv. [Circular to all Deposit Money Banks, Mobile Money Operators and Payment Service Providers, referenced PSM/DIR/PUB/CIR/001/043 and dated March 7, 2023, on](#)

the issuance of the Operational Guidelines for Open Banking in Nigeria.

Operational Guidelines for Open Banking in Nigeria.pdf

(cbn.gov.ng)

- xv. Circular to banks, other financial institutions, and payment service providers referenced PSM/DIR/PUB/CIR/001/039 and dated June 27, 2023, on "The guidelines for contactless payments in Nigeria".

3.4.3 Operation of Bank Verification Number

The CBN shall continue to ensure compliance with the requirements of Bank Verification Number (BVN) and National Identification Number (NIN) to provide unique identifiers to customers in the financial system and improve Know-Your-Customer (KYC) documentation. All Tier-1 bank accounts and wallets for individuals are mandated to have BVN via the CBN Circular titled [“Circular to all Commercial, Merchants, Non-Interest and Payment Service Banks; Other Financial Institutions and Mobile Money Operators”](#) referenced [PSM/DIR/PUB/CIR/001/053 dated December 1, 2023.](#)

3.4.4 Fees and Charges

The CBN shall continue to ensure that entities involved in the payments system adhere strictly to the charges and fees as prescribed in [“Guidelines on Operations of Electronic Channels in Nigeria”](#) dated June 2020, as well as the [“Guide to Charges by Banks, Other Financial and Non-Bank Financial Institutions”](#), referenced [FPR/DIR/GEN/CIR/07/042 and dated December 20, 2019.](#)

3.4.5 Sanctions on Erring Banks/E-payment Service Providers for Infractions of Payments System Rules and Regulations

The CBN shall enforce applicable sanctions on erring banks and payment service providers for infringements of the extant rules and regulations on all forms of electronic payments. The sanctions may include the withdrawal of licences and letters of no objection, pursuant to the circular titled [“Sanctions on Erring Banks/e-payment Service Providers for Infractions of Payments System Rules and Regulations”](#) referenced [BPS/DIR/GEN/CIR/02/007](#) dated [July 29, 2015](#).

3.4.6 Payment System Initiatives:

3.4.6.1 Regulatory Sandbox

The CBN regulatory sandbox shall continue to provide a safe and controlled environment for financial technology (fintech) companies to test and innovate with new financial products and services. The regulatory sandbox has helped to accelerate the development of new payment solutions in Nigeria.

3.4.8.2 Contactless Payments

Contactless payments allow customers to make payments by tapping their card or mobile device on a contactless terminal.

3.4.8.3 Quick Response Code:

Quick Response (QR) code is a contactless payment method which allows payments to be made via scanning a barcode often known as QR Code with a mobile device.

3.4.9 Reduction in cost of transactions:

The CBN has reduced the fees charged for certain types of transactions, such as bank transfers and mobile money transactions, as contained in the [Guide to Charges by Banks and OFIs](#). This has made it more affordable for Nigerians to use electronic payment methods.

3.4.10 Cheque Processing

An enabling environment for efficient processing of cheques and other paper-based payment instruments shall be sustained.

3.4.10.1 Cheque Clearing

The CBN shall continue to improve the clearing infrastructure to increase the efficiency of the system. The cheque truncation system shall continue to be used for the exchange of images of cheques and Magnetic Ink Character Recognition (MICR) data. The cheque clearing cycle and the maximum cap remain at T+1 and ₦10,000,000.00 (Ten Million Naira only), respectively.

3.4.10.2 Cheque Standards and Cheque Printers Accreditation Scheme

The revised Nigeria Cheque Standards (NCS) and Nigeria Cheque Printers Accreditation Scheme (NICPAS) version 2.0 shall remain operational during the period to improve the safety and efficiency of the clearing system.

In line with the revised guideline [“Circular on the Revised Nigerian Cheque Standard \(NCS\) and Nigerian Cheque Printers Accreditation Scheme \(NICPAS\)”](#) referenced [BKS/DIR/CIR/GEN/02/042 dated December 9, 2020](#), the CBN shall continue to conduct biennial accreditation and annual supervision of the Nigerian cheque printers and cheque personalisers.

3.4.10.3 Authorised Signatory Verification Portal

The Authorised Signatory Verification (ASV) portal shall continue to be used as a secure electronic-based shared service solution for authorised signatory management in the banking system. The CBN shall adopt the ASV for verification of Deposit Money Bank's mandate.

3.4.10.4 Real-Time Gross Settlement System

The CBN shall continue to maintain and operate the Real-Time Gross Settlement (RTGS) System for the settlement of inter-bank transactions and time-critical payments. The RTGS system shall continue to use the new messaging standard, ISO20022, and operate between the hours of 8.00 am and 6.30 pm on weekdays. However, plans are underway to operate the RTGS system round the clock (24/7), to accommodate users' needs.

3.4.10.5 Settlement and Non-Settlement Banks

The categorisation of banks into settlement and non-settlement banks for the purpose of clearing and settlement shall remain in force during the period. Settlement banks participate directly in the clearing house and receive their net clearing positions in their settlement accounts with the CBN. The non-settlement banks receive their net clearing positions through the settlement accounts of their respective settlement banks.

Any bank applying to be a settlement bank shall be required to meet the following conditions:

- i. Provide clearing collateral of ₦15,000,000,000.00 (Fifteen billion naira only), subject to periodic review by the CBN;

- ii. Ability to offer agency facilities to other banks and to clear and settle on their behalf; and
- iii. Adequate branch network in all the CBN locations.

However, the CBN shall continue to review the existing arrangement to enhance the efficiency of the clearing system.

3.4.10.6 eNAIRA

The CBN issues and regulates the eNaira, a digital form of the fiat currency. The eNaira offers several benefits which includes faster and cheaper payments, increased financial inclusion, and reduced fraud, amongst others.

The CBN shall sustain efforts in enhancing the eNaira and driving its adoption. This includes the deployment of eNaira version 2.0 with focus on wholesale Central Bank Digital Currency (CBDC) to increase the participation of deposit money banks and empower them to drive its adoption; implementation of offline functionality, programmable money; and more collaboration with Federal and State Governments to increase its adoption.

3.4.10.7 Shared Services Arrangement between Nigerian Banks and Related Entities

The [“Guidelines on Shared Services Arrangements for Banks and Other Financial Institutions in Nigeria”](#) took effect in June 2022. The Guideline addresses the uneven management of shared services with the attendant concerns on governance, financial and tax management practices by outlining general principles, approved services, transfer pricing, regulatory reporting and compliance.

3.4.10.8 Compliance with Section 19 (11) of Banks and Other Financial Institutions Act 2020

The CBN issued a letter to all banks referenced BSD/DIR/PUB/LAB/15/055 dated August 1, 2022 on the “Application of the Provisions of Section 19 (11) of Banks and Other Financial Institutions Act (BOFIA) 2020”.

The letter was issued to provide guidance on the facilities that were granted to insiders and their related parties as defined by Section 19 (6) of BOFIA 2020 prior to the commencement of the Act.

The directive was that all facilities granted to insiders and their related parties prior to the enactment of BOFIA 2020 that remained in excess of the prescribed limit by December 31, 2023, will be

deemed to have breached Section 19 (5) of the Act. All deposit money banks are expected to regularise all affected insider-related facilities before December 31, 2023, in compliance with the provisions of Section 19 (3) and (5) of BOFIA 2020.

3.4.10.9 Resolutions of the 31st meeting of the Financial Regulation Advisory Council of Experts

The CBN released a letter to all Non-Interest Financial Institutions (NIFIs) referenced BSD/DIR/PUB/LAB/01/056 dated January 27, 2022 on “Resolutions of the meeting of the Financial Regulation Advisory Council of Experts”.

This is a directive to all NIFIs that Financial Regulation Advisory Council of Experts (FRACE) has mandated that in order to ensure standardisation, the nomenclature to be used by all NIFIs in Nigeria for “Lease to Own Contract” for housing and asset financing contracts shall be “*Ijarah Muntahia Bittammlik*”.

The letter also provided conditions to be satisfied for any *Ijarah* of service contract to be *Shari’ah*-compliant.

3.4.10.10 Review of Interest Rate on Savings Deposit

The CBN, through its letter to all banks referenced BSD/DIR/PUB/LAB/015/060 dated August 17, 2022 titled “Re: Review

of Interest Rate on Savings Deposits", reviewed negotiable minimum interest rate on local currency savings deposits to 30.0 per cent of MPR effective September 1, 2022, and directed all banks to ensure compliance.

3.4.10.11 Membership Registration and Payment of Annual Subscription for Bank Staff with CIBN

The CBN issued a letter referenced BSD/DIR/PUB/LAB/15/021 dated March 8, 2022 titled "Re: Go Live of the CBN Automated Information Sharing Service (CISS)" directing to all banks to strictly adhere to the requirements of the letter referenced BSD/DIR/GEN/LAB/12/031 dated July 4, 2019 particularly with respect to maintaining a minimum of 99.99% uptime and availability on the CISS.

3.4.10.12 Membership Registration and Payment of Annual Subscription for Staff of Banks with the Chartered Institute of Bankers of Nigeria: Compliance by Banks and Other Financial Institutions

The CBN, via its letter referenced BSD/DIR/PUB/LAB/015/062 dated September 23, 2022 on "Membership Registration and Payment of Annual Subscription for Staff of Banks with the Chartered Institute of Bankers of Nigeria: Compliance by Banks and Other Financial Institutions", directed all banks to register their employees with the

Institute not later than January 31, 2023. Furthermore, banks were enjoined to encourage registered members of the Institute in their employment to pay their annual subscriptions to enable CIBN to discharge its statutory responsibilities.

3.4.10.13 Cash Swap Programme in Rural/Underserved Areas

The CBN issued a circular to all banks, Mobile Money Operators (MMOs), Super Agents and Agents referenced BSD/DIR/PUB/LAB/15/022 and dated January 20, 2023 on “Naira Redesign Policy: CBN Launches Cash Swap Programme in Rural/Underserved Areas” to launch a cash swap program in partnership with Super Agents and DMBs in recognition of the need to maximize the channels through which underserved and rural communities can exchange their Naira.

The program will enable citizens in rural areas or those with limited access to formal financial services to exchange their old naira notes for the re-designed notes.

3.4.10.14 Re: Implementation of Naira Re-Design Policy

In a bid to ensure the seamless implementation of the new currency redesign policy, CBN via a circular titled “Implementation of naira Re-Design Policy” referenced BSD/DIR/CON/LAB/015/064 dated October 31, 2022, directed banks to furnish it with their daily vault cash position effective October 26, 2022, in a defined template on or before 10.00 am of the business day following the reporting date.

3.5 Orderly Development of the banking System

3.5.1 Cash-less Policy

In the 2024/2025 fiscal years, the CBN shall continue to implement the cash-less policy aimed at reducing the amount of cash circulating in the economy and encouraging the use of electronic means of payment for goods, services and transfers.

Accordingly, the following charges shall apply on deposit/withdrawal above the prescribed limits or as may be reviewed by CBN from time to time:

Account Type	Withdrawal/ Deposit Limits	Processing Fees for Withdrawals	Processing Fees for Deposits
Individual	Above ₦500,000	3%	2%
Corporate	Above ₦3,000,000	5%	3%

However, the CBN, via its circular titled “Re: Processing Fees on Cash Deposits” referenced BSD/DIR/PUB/LAB/16/024 dated December 11, 2023, suspended the payment of fees on cash deposits above ₦500,000 (Five Hundred Thousand naira only) for individuals and ₦3,000,000 (Three Million Naira only) for corporate entities, up till April 30, 2024.

3.5.2 Payment Service Banks

Payment Service Banks (PSBs) shall continue to enhance financial inclusion by increasing access to deposit products and payment/remittance services to small businesses, low-income households and other financially excluded entities.

(i) Operating Guidelines

The operating guidelines for PSBs shall be as contained in the revised [Guidelines for Licensing and Regulation for Payment Service Banks in Nigeria issued via circular FPR/DIR/GEN/CIR/07/060 dated August 27, 2020.](#)

(ii) Permissible and Non-permissible Activities

PSBs shall engage only in permissible activities specified in the guidelines. These include acceptance of deposits from individuals and small businesses, payment and remittances services through

various channels within Nigeria and sale of foreign currencies realised from inbound cross-border personal remittances to authorised foreign exchange dealers. PSBs shall neither grant any form of loan, accept foreign currency deposit, nor deal in foreign exchange market except as prescribed in the permissible activities. Furthermore, they shall not provide insurance underwriting, accept any closed scheme electronic value as a form of deposit or payment, and establish any subsidiary.

(iii) Minimum Capital Requirements

The minimum capital requirement for a PSB shall be ₦5.00 billion or as may be prescribed by the CBN from time to time.

(iv) Participation in payments and settlement system

PSBs shall participate in the payments and settlement system and have access to the inter-bank and the CBN collateralised repo window for its temporary liquidity management.

3.5.3 Bank Credit Expansion

Banks shall continue to meet the following criteria to grant new credit facilities in the 2024/2025 fiscal years:

- a. Minimum capital adequacy ratio
- b. Specified liquidity ratio

- c. Provisions of the Prudential Guidelines
- d. Minimum shareholders' funds
- e. Specified cash reserve requirement
- f. Sound corporate governance

3.5.4 Prudential Guidelines for Licensed Banks

The provisions of the [Prudential Guidelines 2010](#) shall continue to apply in the 2024/2025 fiscal years, subject to periodic review by the CBN based on developments in the industry. The differences resulting from the comparison of expected losses determined under International Financial Reporting Standards (IFRS) with all losses determined under the Prudential Guidelines shall continue to be adjusted under the statement of changes in equity, through the non-distributable regulatory reserve.

3.5.5 Capital Adequacy

The minimum ratio of total qualifying capital to total risk-weighted assets shall remain at 10.0 per cent for regional and national commercial banks, and 15.0 per cent for international commercial banks in the 2024/2025 fiscal years. No less than 75.0 per cent of banks' capital shall comprise paid-up capital and reserves. Banks

shall also maintain a ratio of not more than one to ten (1:10) between adjusted capital funds and total credit net of provisions. Banks are also encouraged to maintain a higher level of capital commensurate with their risk profile.

Banks and the banking groups are required to comply with the appropriate guidelines for the measurement and calculation of capital requirements.

3.5.6 Responsibilities of Banks' External Auditors to the Supervisory Authorities

The requirement that banks and other financial institutions should instruct their external auditors to forward two (2) copies of their audit reports to the CBN, not later than three (3) months after the end of their financial year, shall remain in force in the 2024/2025 fiscal years. The external auditors of all banks and other financial institutions are expected to comply with the provisions of Rule 9 [Application of International Standard on Auditing (ISA) 701 – Communicating Key Audit Matters in the Independent Auditor's Report] of the Financial Reporting Council of Nigeria for audit of financial statements for the period ending on or after June 30, 2017. The report on fraud and forgeries committed during the accounting year under review shall also accompany the audited reports.

Moreover, each bank shall continue to communicate the appointment, re-appointment, termination, and resignation of its external auditors to the CBN, stating the reasons for such action.

Where a bank fails to comply with this requirement, the CBN reserves the right to withhold the approval for publication of such accounts and apply an appropriate sanction.

Banks are required to ensure that their external auditors are in attendance, at the presentation of Examination Reports by the Supervisory Authorities to their Boards of Directors. The tenure of the external auditors in a given bank shall be for a maximum period of ten (10) years, after which the audit firm shall not be reappointed in the bank until after a period of another ten (10) years.

Banks are required to submit to the CBN, on a quarterly basis, progress reports on the implementation of the recommendations of the External Auditors in Management letters. External auditors shall also:

- a. Issue a statement as to the existence, adequacy, and effectiveness or otherwise of the internal control system in their audit reports, in line with the provisions of Section 63 of the Investment and Securities Act 2007; and

- b. Devote a portion of their report to the review of the banks' implementation of the preceding year's audit recommendations.

3.5.7 Returns from Banks

All banks shall render, in a timely manner and in the prescribed format, accurate reports of their activities for the daily, monthly, quarterly and semi-annual returns. The returns shall be rendered through the Financial Analysis (FinA) System and any other medium, as may be required by the CBN. Daily returns shall be submitted by 10:00 am of the next working day, while monthly, quarterly and semi-annual returns shall be submitted on or before the 5th day of the subsequent month. Where the 5th day is a weekend or a public holiday, returns shall be submitted on the previous working day.

During the period, banks shall continue to render weekly returns on deposit and lending rates to the Banking Supervision Department of the CBN. The rates shall include all charges, commissions, and fees, annualised and added to the base lending rates to arrive at the all-inclusive rate.

3.5.8 Penalties for Default

The CBN shall continue to enforce the stipulated penalties for non-compliance with regulatory guidelines, including the provisions of [the CBN Act 2007](#), [the BOFIA, 2020](#) and other relevant statutes and regulations in the 2024/2025 fiscal years. Any financial institution that fails to comply with the extant guidelines and other directives that may be issued by the CBN, shall be sanctioned accordingly.

3.6 Risk-Based Supervision

The CBN shall continue to adopt the risk-based approach in the supervision of institutions under its purview. The objective of the approach is to provide an effective process to assess the safety and soundness of banks and other financial institutions.

3.6.1 Consolidated Supervision of Nigerian Banks

During the period, the CBN under the auspices of the Financial Services Regulation Coordinating Committee (FSRCC) shall continue to use the consolidated supervision approach in the oversight of financial holding companies.

3.6.2 Cross Border Supervision

The CBN shall grant approval, where appropriate, to commercial banks with international authorisation to establish offshore subsidiaries. In addition, qualifying banks would only be allowed to establish offshore subsidiaries in countries with which the CBN has signed a Memorandum of Understanding. The Framework for Cross Border Supervision of Nigerian Banks issued in 2011, subject to periodic review, shall continue to be the basis for the supervision of Nigerian banks that have presence outside the country.

To further strengthen the regulation and supervision of cross-border banks, the CBN shall conduct a country risk assessment in respect of banks embarking on cross-border expansion during the period.

3.6.4 Sanctions for non-compliance with extant AML/CFT Laws and Regulations

Banks and other financial institutions should note that breaches and non-compliance with the relevant provisions of the extant laws and regulations on Anti Money Laundering/Combating the Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) would be penalised in accordance with the provisions of the CBN AML/CFT (Administrative Sanctions) [Regulations, 2023](#).

3.6.5 Weights for Risk-Weighted Assets Computation

The appropriate risk weights for various credit exposures shall be as contained in the Revised Guidance Notes on the Calculation of Capital Requirements for Credit Risk.

3.6.6 Risk Management, Corporate Governance and Whistleblowing

The new [Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria referenced FPR/DIR/PUB/CIR/001/078 dated July 13, 2023](#) issued by the CBN shall be complied with by all regulated entities. This Guidelines supersedes all previous codes, circulars and related directives on Corporate Governance issued by the CBN. In developing the Guidelines, the CBN adapted relevant principles and recommended practices of the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria in 2018.

3.6.7 Additional Disclosures by Banks

Banks shall continue to publish additional disclosure statements to strengthen the incentives regime for maintaining sound banking practices. To enhance transparency, all banks shall continue to comply with the IFRS.

3.6.8 Supervisory Intervention Framework for the Banking Industry

The CBN's policies, guidelines and processes for the prevention, management and containment of bank systemic distress and crises shall continue to apply.

3.6.9 Regulation and Supervision of Domestic Systemically Important Banks in Nigeria

The Framework for the Regulation and Supervision of Domestic Systemically-Important Banks (D-SIBs) in Nigeria as well as other supporting guidelines and directives shall continue to apply during the period. All D-SIBs shall ensure compliance with the [“Guideline on the Minimum Content for Recovery Plans and Requirements for Resolution Planning”](#) issued in November 2016.

3.6.10 Cyber Security Surveillance

Pursuant to the circular titled [“Issuance of Risk-based Cybersecurity framework and Guidelines for Deposit Money Banks and Payment Service Providers”](#) referenced [BSD/DIR/GEN/LAB/11/25](#), and dated [October 10, 2018](#), issued by the CBN to combat the increasing cyber security threat in the banking industry, banks and Payment Service Providers (PSPs) are mandated to adhere to the guidelines on the risk-based cyber security framework. Similarly, another

framework titled "[Issuance of Risk-based Cybersecurity framework and Guidelines for Other Financial Institutions \(OFIs\)](#)", referenced [OFI/DOA/CON/ACT/004/155](#), was issued on June 29, 2022. The guidelines specified the minimum cyber security baseline to be implemented by banks, OFIs and PSPs, and mandated the appointment of a Chief Information Security Officer (CISO) to oversee cyber security issues.

3.6.11 Cyber Security Fund

The CBN shall continue to enforce the payment of the mandatory levy of 0.005 per cent on all electronic transactions by banks and other financial institutions, in accordance with the [Cybercrime \(Prohibition, Prevention, etc.\) Act, 2015](#).

3.6.12 Lending to the Real Sector

As part of measures to increase banks' lending to the real sector of the economy, particularly to the Micro Small Medium Enterprises (MSMEs), banks are required to continue to comply with the provisions of the circular titled "[Regulatory Measures to improve Lending to the Real Sector of the Nigerian Economy](#)" referenced [BSD/DIR/GEN/LAB/12/049](#), and dated September 30, 2019, to maintain their loan-to-deposit ratio (LDR) at not less than 65.0 per

cent effective December 31, 2019, subject to periodic review by the CBN.

3.6.13 Charging of Penalty by Non-Interest Financial Institutions

The CBN, under the auspices of the Financial Regulation Advisory Council of Experts (FRACE), mandates that charging of penalty by non-interest banks is only permissible where a customer wilfully delays payment when due. Any income derived from the imposition of such a penalty, however, must be given to charity, and under no circumstance shall the CBN, its shareholders or staff benefit therefrom. The charity shall neither contribute nor be included as beneficiaries of banks' Corporate Social Responsibility (CSR) programmes.

In addition, all Non-Interest Financial Institutions shall comply with the following guidelines:

- (i) [Guidelines for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria;](#)
- (ii) [Guidelines for the Operation of Non-Interest Financial Institutions Instruments by the Central Bank of Nigeria;](#)

- (iii) [Guidelines on Shariah Governance for Non-Interest Financial Institutions in Nigeria;](#)
- (iv) [Guidelines on the Governance of Advisory Committee of Experts for Non-Interest \(Islamic\) Financial Institutions in Nigeria;](#)
[http://www.cenbank/Out/2015/fprd/ACE%20GUIDELINE S%203.pdf](http://www.cenbank/Out/2015/fprd/ACE%20GUIDELINE%203.pdf)
- (v) [Guidelines on the Governance of Financial Regulation Advisory Council of Experts for Non-Interest \(Islamic\) Financial Institutions in Nigeria;](#)
- (vi) [Circular to All Non Interest \(Islamic\) Financial Institutions on the Treatment of Hamish Al-Jiddiyya \(Earnest Deposit\);](#)
- (vii) [Guidelines on the Regulation and Supervision of Non-interest \(Islamic\) Microfinance Banks in Nigeria;](#)
- (viii) [Guidelines on Disposal of Non-Permissible Income;](#)
<https://www.cbn.gov.ng/Out/2021/FPRD/GUIDELINES%20ON%20DISPOSAL%20OF%20NON-PERMISSIBLE%20ACTIVITIES.pdf>
- (ix) [Guidelines on Islamic Financial Services Board Standards for Nigerian Non-Financial Institutions;](#)

3.6.14 Curbing the Activities of Illegal Fund Managers

The CBN, under the auspices of the FSRCC, shall continue to take measures to curb the activities of Illegal Fund Managers (IFMs) in the Nigerian financial system. These measures shall include public enlightenment and collaboration with law enforcement agencies in effecting the closure of the IFMs.

3.6.15 National Roadmap on Sustainable Finance

During the period, all regulated entities in the financial system shall continue to imbibe the sustainability principles as enshrined in the National Road map on Sustainable Finance Principles (NSFP). □

3.6.16 Competency Framework and Approved Persons' Regime

The CBN shall continue to enforce the Competency Framework for the Nigerian banking industry and the Revised Assessment Criteria for Approved Persons' Regime for Financial Institutions, as may be amended from time to time.

3.7 Regulation and Supervision of Other Financial Institutions

The CBN shall continue to supervise Other Financial Institutions (OFIs) to ensure the safety and soundness of the sub-sector. Accordingly, the following regulatory guidelines shall apply during the period:

3.7.1 Supervisory Methodology

The CBN shall continue to supervise OFIs based on the risk-based supervision methodology proportionate to size and complexity of the institutions. Accordingly, OFIs are required to develop appropriate Enterprise Risk Management (ERM) frameworks and implement robust risk management policies thereon as stipulated in the circular [“Commencement of Risk-Based Supervision and the Development of Risk Management Systems in Other Financial Institutions”](#) referenced [FPR/DIR/OFI/CIR/01/013](#) and dated [February 23, 2011](#).

3.7.2 Liquidity Ratio

The liquidity ratio of Primary Mortgage Banks (PMBs) and Micro Finance Banks (MFBs) remains at 20.0 per cent, subject to periodic review, in line with the [“Revised Guidelines for Primary Mortgage Banks in Nigeria”](#) dated [November, 2011](#) and [“Revised Regulatory and Supervisory Guidelines for Micro-finance Banks in Nigeria”](#) dated [September, 2013](#), respectively.

3.7.3 Capital Adequacy Requirements

The minimum ratio of total qualifying capital to total risk-weighted assets shall remain at 12.50 per cent for Finance Companies (FCs),

and 10.00 per cent for all other OFIs in the 2024/2025 fiscal years, or as may be reviewed by the CBN from time to time.

3.7.4 Limit on Foreign Currency Borrowings

The aggregate foreign currency borrowing of an OFI shall not exceed 125.0 per cent of its shareholders' funds unimpaired by losses or as may be prescribed by the CBN from time to time. In addition, the institution shall seek and obtain the approval of the CBN and employ the following risk mitigation strategies:

- All borrowings should be hedged using financial market instruments acceptable to the CBN;
- Prepayments should be allowable only at the instance of the OFI and subject to the approval of the CBN in writing; and
- The Net Open Position of the overall foreign currency assets and liabilities, taking into cognizance both on and off-balance sheet items, should not exceed 1.0 per cent of the shareholders' funds unimpaired by losses.

3.7.5 Uniform Accounting Year-end and Compliance with International Financial Reporting Standards

All OFIs shall continue to maintain a uniform accounting year-end of December 31, and are required from the 2023 financial year, to

prepare their annual audited financial statements in accordance and full compliance with IFRS, as stipulated in the Supervisory Letter [“Adoption of International Financial Reporting Standard by Other Financial Institutions \(OFIs\)”](#) referenced [OFI/DOA/LTT/CON/002/138](#) and dated [October 8, 2021](#). They are required to submit their audited financial statements not later than three (3) months after the end of the financial year pursuant to Section 26(1) of BOFIA 2020.

In line with Section 26(2), BOFIA, all OFIs shall, within seven (7) days after the approval for publication of their audited financial statements by the CBN:

- a. publish the abridged version of its approved financial statements in two national daily newspaper printed in and circulating in Nigeria; and
- b. exhibit same in a conspicuous position in each of its offices, branches and website in Nigeria.

3.7.6 Prohibition of Placements/Investments in Funds Managed by Uninsured Entities

All OFIs are prohibited from investing in managed funds or products of uninsured entities as stipulated in Supervisory Letter [“Prohibition of Placement/Investment in funds managed by Uninsured Entities”](#)

[referenced OFI/DOA/CON/OFI/001/304 and dated January 09, 2023.](#)

3.7.7 Risk-Based Cybersecurity Framework and Guidelines for Other Financial Institutions

To combat the increasing cyber security threat in the banking industry, all OFIs are mandated to adhere to the [“Risk-Based Cybersecurity Framework and Guidelines for OFIs” referenced OFI/DOA/CON/ACT/004/155, issued by the CBN on June 29, 2022.](#)

The Guidelines specify minimum baseline requirements to be put in place by all OFIs to enhance their resilience to cyber threats.

3.7.8 Rendition of Monthly Returns

All OFIs shall render in a timely manner, accurate reports showing their assets and liabilities, an analysis of advances and other assets, and any such other information, documents, statistics or returns as the CBN may deem necessary. The returns shall be rendered on or before the 5th day of the following month as stipulated in the Supervisory Letter [“Review of the Timeframe for the Submission of Monthly Returns” referenced OFI/DOA/LTT/CON/002/155, and dated February 26, 2021,](#) or within timelines specified by the CBN.

Failure or late rendition of returns by any OFI will attract appropriate

sanctions. Persistent failure or refusal to render returns in the prescribed form may lead to the revocation of the OFI's licence.

3.7.9 Rendition of Returns to Credit Bureaux

To enhance the quality of credit information available, the CBN shall continue to monitor and enforce the rendition of credit reports by lending-OFIs to the Credit Reporting System.

3.7.10 Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction in Financial Institutions – CBN Regulations 2022

All OFIs are required to comply with the provisions of the CBN [AML/CFT/CPF Regulations 2022](#) and other AML/CFT/CPF laws and regulations, to safeguard financial institutions from being used for financial crimes as stipulated in the Circular [“Central Bank of Nigeria \(Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing of Weapons of Mass Destruction in Financial Institutions\) Regulations, 2022”](#) referenced [FPR/DIR/PUB/CIR/001/052 issued on June 20, 2022](#).

3.7.11 Rendition of Returns on Anti-Money Laundering/ Combating the Financing of Terrorism/Countering Proliferation Financing

During the 2024/2025 fiscal years, OFIs shall continue to render returns as mandated under the CBN AML/CFT/CPF Regulations, as well as returns on fraud and forgeries.

3.7.12 Rendition of Return on Credit Risk Management System

All OFIs are required to continue the monthly reporting of all credit facilities (principal and interest) to the Credit Risk Management System (CRMS) in line with the circular [“Enrolment of Other Financial Institutions \(OFIs\) on the Credit Risk Management System \(CRMS\) referenced FPR/DIR/PUB/CIR/001/049 on May 24, 2022.](#) The OFIs are to ensure that their customers' accounts comply with the 10-digit Nigerian Uniform Bank Account Number (NUBAN) format and tag all live credit files for individual and non-individual borrowers with their Bank Verification and Tax Identification Numbers, respectively. All eligible accounts shall also be profiled on the Nigeria Inter-Bank Settlement System (NIBSS) Industry Customer Accounts Database. These requirements are to be fully complied with, as they remain

prerequisites for the enrolment onto the CRMS. Non-compliance with these requirements will attract appropriate sanctions.

3.7.13 Corporate Governance Provisions

The Corporate Governance Guidelines for OFIs (MFBs, PMBs, MRCs, FCs, BDCs and DFIs) issued via circular [“Code of Corporate Governance for Finance Companies in Nigeria”](#) referenced [FPR/DIR/CIR/GEN/07/017 dated October 26, 2018](#), and subsequent Codes released by the CBN, shall remain in force. This will foster best practices and robust governance required within the sector to achieve intended socio-economic impact.

3.7.14 Supervisory Intervention Framework

In accordance with the extant supervisory intervention framework for OFIs, deposit-taking OFIs are required to develop and implement comprehensive contingency funding plans that define the manner in which they would maintain liquidity in the event of a crisis. The plan must be reviewed annually and approved by their respective Board of Directors.

3.7.15 Other Policy Measures

The following regulatory measures shall apply in various OFI subsectors during the period:

3.7.15.1 Finance Companies

(i) Permissible and Non-Permissible Activities

Finance Companies (FCs) shall only engage in permissible activities specified in the [“Revised Guideline for Finance Companies in Nigeria” dated April 2014](#). Accordingly, FCs shall not engage in non-financial activities such as trading, construction, project management and other financial services including deposit-taking, stock brokerage, registry and issuing house businesses. Also, Leasing Companies that engage in finance leasing are required to apply for a finance company licence.

(ii) Minimum Capital Requirement

The minimum capital requirement for FCs shall be ₦100,000,000.00 (One Hundred Million Naira) or as may be prescribed by the CBN from time to time.

(iii) Borrowing Limits

The minimum amount that a finance company can borrow from any individual or corporate body shall be ₦50,000.00 (Fifty Thousand Naira) and ₦2,000,000.00 (Two Million Naira) respectively, subject to a maximum limit of all outstanding borrowings which should not be

more than 10 (ten) times the shareholders' funds unimpaired by losses, or as may be specified by the CBN.

(iv) Lending Limits

The maximum loan that a finance company may grant to any person or the maximum investment a finance company may make in any venture shall be 20.0 per cent of its shareholders' funds unimpaired by losses.

(v) Limit on Non-Performing Loans

The limit of FCs non-performing loans shall be as prescribed in the [Prudential Guidelines for Banks, dated July 1, 2010](#) or other extant regulations.

(vi) Branch Expansion

In addition to their Head Offices, the CBN shall continue to encourage finance companies to establish branches for their operations. This is subject to the availability of free funds (shareholders' funds unimpaired by losses, less fixed assets and long-term investments) and maintenance of the prescribed minimum prudential requirements. Prior approval of the CBN is required for the opening and closing of branches.

3.7.15.2 Primary Mortgage Banks

(i) Permissible and Non-Permissible Activities

Primary Mortgage Banks (PMBs) shall continue to engage in permissible activities as stipulated in the revised guidelines on the operation of PMBs or any other regulations for the sector released by the CBN. PMBs shall not engage in leasing, real estate development, estate agency or facilities/project management business. Newly licensed PMBs shall be required to seek written approval from the CBN to access the National Housing Fund facility.

(ii) Minimum Capital Requirement

The capital requirement for PMBs is stipulated below and may be reviewed by the CBN periodically:

Category	Capital Requirement	Operational Location
State	N 2.50 billion	State-wide
National	N 5.00 billion	Nationwide

(iii) Lending Limit

All PMBs shall maintain a minimum ratio of 50.0 per cent of mortgage assets to total assets, of which a minimum of 75.0 per

cent must be residential mortgages. A minimum of 60.0 per cent of PMBs' loanable funds, defined as total deposits plus on-lending loans, shall be devoted to the creation of mortgage assets. The maximum aggregate loan from a PMB to an individual and a corporate body shall not exceed 5.0 and 20.0 per cent, respectively, of its shareholders' funds unimpaired by losses. The maximum loan-to-value ratio, which determines the equity contribution of the borrower, shall be 80.0 per cent. In essence, the borrower's contribution must not fall below 20.0 per cent.

The non-performing loans of a PMB shall not exceed 30.0 per cent of total loans and advances. All PMBs are required to comply with the uniform underwriting standards for mortgages and commercial real estate financing.

(iv) Cash Reserve Requirement

All PMBs shall continue to maintain a cash reserve requirement (CRR) of 2.0 per cent of their adjusted deposit liabilities with the CBN on a monthly basis as stipulated in the Circular ["Maintenance of Cash Reserve Requirements \(CRR\) on deposits"](#) referenced [OFI/DIR/GEN/CIR/01/009](#) and dated August 25, 2014.

3.7.15.3 Mortgage Refinancing Companies

Mortgage Refinancing Companies (MRCs) are established to enhance liquidity within the mortgage sub-sector, increase the availability of mortgages, reduce mortgage and related costs, and make residential housing more affordable. MRCs shall support mortgage originators such as PMBs and commercial banks to increase mortgage lending by refinancing their mortgage loan portfolios. They shall also act as intermediaries between originators of mortgage loans and capital market investors who typically seek long-dated high-quality securities.

(i) Non-permissible Activities

MRCs shall not grant consumer or commercial loans; originate primary mortgage loans; and accept demand, savings and time deposits, or any other type of deposit. In addition, they shall not finance real estate construction, undertake estate agency or facilities management and other businesses not permitted in the [“Regulatory and Supervisory Framework for the operations of Mortgage Refinance Company” dated August 2013](#) guidelines.

(ii) Minimum Capital Requirements

The minimum capital for establishing an MRC is ~~N~~5,000,000,000.00 (Five Billion Naira). In addition to the capital adequacy requirement for all OFIs, every MRC shall maintain, at all times, a minimum ratio of core capital to total assets (leverage ratio) of not less than 5.0 per cent.

3.7.15.4 Microfinance Banks

(i) Minimum Capital Requirements

Effective April 2022, the minimum capital requirements for Microfinance Banks (MFBs) shall be as stated below or as may be prescribed by the CBN from time to time.

Classification of Microfinance Banks		
Category	Capital Requirement	Operational Location
Unit (Tier I)	N 200.00 Million	One Location (Urban)
Unit (Tier II)	N 50.00 Million	One Location (Rural)
State	N 1.00 Billion	State-wide
National	N 5.00 Billion	Nationwide

(ii) Government Ownership of MFBs

The CBN shall continue to encourage state and local government equity participation in MFBs as allowed under the revised guidelines to facilitate financial inclusion. However, all such investments shall be gradually diverted to private-sector participants within a maximum of five (5) years from the date of the initial investment.

(iii) Lending Limits

The loan portfolio of MFBs shall, at all times, comprise a minimum of 80.0 per cent micro-loans. The maximum loan by an MFB to any individual borrower shall not exceed 1.0 per cent of the shareholders' funds unimpaired by losses, while a maximum of 5.0 per cent is prescribed for corporate/group borrowers.

As part of efforts at promoting effective credit risk management and corporate governance, aggregate insider-related loans shall not exceed 5.0 per cent of the shareholders' funds unimpaired by losses.

(iv) Branch Expansion

In addition to their Head Offices, MFBs are allowed to have not more than one (1) branch within the Local Government Area approved for their operations. This is subject to the availability of free funds (shareholders' funds unimpaired by losses, less fixed assets and long-term investments) and maintenance of the prescribed minimum prudential requirements.

(v) Operational Requirements

- i. To manage available resources and to enhance the liquidity of MFBs, the aggregate value of equity participation of an MFB in all permissible enterprises shall not exceed 7.5 per cent of its shareholders' funds unimpaired by losses.
- ii. Total investment in fixed assets shall not be more than 20.0 per cent of shareholders' funds unimpaired by losses.

- iii. Investment in treasury bills is compulsory and shall not be less than 5.0 per cent of total deposit liabilities subject to a maximum of 10.0 per cent.

3.7.15.5 Development Finance Institutions

Development Finance Institutions (DFIs) are specialized financial institutions established to develop and promote key sectors of the economy considered to be strategic to the socio-economic development of the country.

The DFIs are categorized into wholesale and retail to facilitate specialization and segmentation, and to achieve the goal of long-term real sector development. To further deepen the subsector through effective and efficient regulation and supervision, all DFIs are required to apply to the CBN, for the choice of DFI licence, in line with the extant regulations.

(i) Permissible and Non-Permissible Activities

DFIs shall ensure that their activities are in accordance with the permissible activities stated in the guidelines.

ii) Minimum Capital Requirements

The minimum capital requirement for a Wholesale DFI shall be ~~₦~~100,000,000,000.00 (One Hundred Billion Naira) payable over a maximum period of four (4) years, out of which a minimum of ~~₦~~20,000,000,000.00 (Twenty Billion Naira) shall be paid prior to the grant of Approval-in-Principle (AIP).

A Wholesale DFI shall plough back all its profit after tax to reserves unless it has met the regulatory minimum capital of ~~₦~~100,000,000,000.00 (One Hundred Billion Naira) or such other amount as the CBN may specify from time to time.

The minimum capital requirement for a Retail DFI shall be ~~₦~~10,000,000,000.00 (Ten Billion Naira).

A DFI shall maintain at all times a minimum ratio of Tier I capital to total assets of 5.0 per cent. Tier II capital, which comprises the DFI's qualifying loan capital, shall not exceed 100 per cent of Tier I capital.

iii) Liquidity Requirements

A DFI shall at all times maintain sufficient liquid assets to meet its maturing obligations in amounts that comply with a minimum liquidity ratio of 10.0 per cent or as may be specified by the CBN.

A DFI shall adopt and implement a sound and prudent liquidity management framework, which shall describe in detail its Asset and Liability Management (ALM) Policy and be overseen by its Asset/Liability Management Committee.

The liquidity management framework of a DFI shall include:

- a) Techniques that effectively identify, measure and manage its liquidity risk;
- b) Periodic analyses of net funding requirements under alternative scenarios; and
- c) Contingency liquidity plan.

iv) Establishment and Operations of Subsidiaries

To ensure transparent financial reporting and focus on its core mandate, all DFIs shall provide comprehensive disclosure on all subsidiaries and operations of their special purpose vehicles, while also reporting on a solo and consolidated basis, as required by circular ["Establishment and Operation of Subsidiaries and Special Purpose Vehicles"](#) referenced [OFI/DIR/CIR/GEN/20/349](#) dated [September 3, 2019](#).

v) Limit on Non-Performing Loans

The limit of DFIs non-performing loans shall be as prescribed in the [“Regulatory and Supervisory Guidelines for Development Finance Institutions in Nigeria” dated February, 2015](#) or other extant regulations.

(vi) Branch Expansion, Relocation and Closure

A DFI shall not open, relocate or close a branch without the prior written approval of the CBN. The DFI is required to submit an application for the opening, relocation and closure of a new branch and forward relevant documents as specified in the [“Regulatory and Supervisory Guidelines for Development Finance Institutions in Nigeria” dated February, 2015](#).

A DFI seeking approval for the opening of a new branch must have a track record of good financial performance, regularity in the rendition of returns, compliance with laws, rules, and regulations.

(vii) Corporate Governance

The corporate governance requirements for DFIs shall be as prescribed in the Code for Corporate Governance for Development Finance Institutions in Nigeria or as prescribed by the CBN from time to time.

3.7.15.6 Bureaux De Change

The CBN shall continue to ensure the emergence of well-capitalised and structured entities that can effectively perform the role of Bureaux de Change (BDCs).

i) Minimum Capital Requirement

The minimum capital requirement for a BDC shall be ~~N~~35,000,000.00 (Thirty Five Million Naira), or as may be prescribed by the CBN from time to time. Multiple ownership of BDCs is not permitted and the CBN shall impose appropriate sanctions when detected.

ii) Rendition of Returns and Annual Audited Financial Statements

BDCs shall render accurate and timely reports of their daily, weekly and monthly activities in the prescribed format.

Daily and weekly returns shall be submitted by 12:00 noon of the next working day following the applicable period, while monthly returns shall be submitted on or before the 5th day of the following month. Where the 5th day is a weekend or public holiday, returns shall be submitted on the preceding working day. Non-compliance with this requirement shall constitute a regulatory breach which shall attract appropriate regulatory sanctions.

Every Licensed BDC shall submit its audited financial statements to the Director, Other Financial Institutions Supervision Department of

the CBN for approval, not later than three (3) months after the end of its accounting year.

iii) Use of Bank Verification Number for All Foreign Exchange Transactions

All customers desiring to purchase foreign exchange in Nigeria must provide their BVN which must be validated by a CBN Authorised Foreign Exchange dealer through the NIBSS platform before the transactions are consummated.

Any BDC that fails to provide the required information in its returns or provides an inaccurate BVN shall be penalised, and this shall include withdrawal of its authorised dealership licence.

iv) Operating Guidelines

The revised operating guidelines for BDCs issued vide circular [“Revised Operational Guidelines for Bureaux De Change”](#) [referenced FPR/DIR/GEN/CIR/01/030, and dated November 30, 2015](#) and any other Guidelines issued by the CBN for the sector shall continue to apply during the period.

v) Foreign Exchange Sales to BDCs

BDCs shall continue to source their foreign exchange from members of the public and any other source as may be prescribed by the CBN from time to time. The CBN shall continue to monitor the activities of the BDCs to ensure that no operator is in violation of the anti-money laundering laws.

(vi) Limit of Foreign Exchange Sales by Bureau De Change

BDCs shall continue to observe a maximum foreign exchange cash sales limit of US\$5,000.00 (Five Thousand US Dollars Only) per approved transaction, or as may be approved by CBN from time to time.

3.7.15.7 Guide to Charges by Banks, Other Financial and Non-Bank Financial Institutions

Guide to Bank Charges provides basis for the application of charges on various products and services offered by banks and other financial institutions. Regulated entities shall continue to comply with the revised [Guide to Charges by Banks, Other Financial and Non-Bank Financial Institutions, 2020](#).

The 2020 Guide provides, amongst others:

- I. Downward review of charges for electronic banking transactions;
- II. Review of other bank charges to align with market developments; and
- III. Inclusion of new sections on accountability/responsibility and sanction regime to directly address instances of excess, unapproved and/or arbitrary charges.

SECTION FOUR

4.0 FOREIGN TRADE & EXCHANGE POLICY MEASURES

4.1 New Policy Measures

The following new policy measures shall apply in the foreign exchange market during the period.

4.1.1 Lifting of restriction on 43 items “Not Valid for Foreign Exchange”

The restriction imposed on 43 items from accessing funds in the Nigerian Foreign Exchange Market by CBN has been lifted. Importers are therefore eligible to source foreign exchange in the Market to pay for the importation of their items.

4.1.2 Foreign Currency Trading Position

In compliance with approved Foreign Currency Trading Position (FCTP) limits, Authorised Dealers shall not hold long position at the end of each trading day.

4.1.3 Price Verification System

Price Verification System (PVS) is an initiative aimed at addressing issues relating to over invoicing by importers, which exerted pressure on the Foreign Exchange Market. The Portal went live August 31,

2023. Accordingly, the PVS Report is now a mandatory trade document for the submission of Form M.

4.1.4 Pan-African Payments and Settlement System

Pan-African Payments and Settlement System (PAPSS) continues to support the initiation of cross-border retail payments in the local currency of the sending country and receipt of funds in the local currency of the beneficiary's country within Africa, where the inter-bank settlement shall be denominated in United States' Dollar (USD). The system is expected to provide faster payment and settlement of cross-border transactions within Africa at a reduced cost, thus boosting intra-African trade.

The CBN settles eligible transactions that pass through the system for participating Nigerian banks, in accordance with the provision of circular ["Guidelines on the Operations of Pan-African Payments and Settlements System \(PAPSS\) in Nigeria" referenced TED/FEM/PUB/FPC/01/005 and dated July 25, 2023.](#)

The CBN made further clarifications in respect of PAPSS transactions to be settled using the CBN foreign exchange, via circular dated July 25, 2023. The clarifications made are highlighted below:

- i. PAPSS transactions remain trade backed.

- ii. The eligible payment mode shall be Bills for Collection.
- iii. The limit per customer shall be US\$20,000.00 (Twenty Thousand US Dollars) per quarter.
- iv. The limit per Authorized Dealer Bank (ADB) shall be US\$200,000.00 (Two Hundred Thousand US Dollars) per quarter.
- v. Multiple applications through different ADBs is not allowed.
- vi. For settlement of PAPSS transactions by CBN, Authorized Dealers shall obtain the approval of CBN for US\$ cover, before initiating payments on PAPSS.
- vii. Authorized Dealer Banks are allowed to maintain a US\$ settlement account with the PAPSS settlement bank to settle transactions for which CBN could not provide foreign exchange

4.1.5 Rate quote and other market conduct by International Money Transfer Operators

International Money Transfer Operators (IMTOs) are required to quote rates within the permissible limit of -2.5 per cent to +2.5 per cent around the previous day's closing rate of the Nigerian Foreign Exchange Market for transactions.

4.1.6 Mechanisms for Bureau De Change operations in Nigeria

To improve efficiency in the operations of the Bureau De Change (BDC) segment of the Foreign Exchange Market, CBN introduced, through the circular [“Operational Mechanism for Bureau De Change Operations in Nigeria”](#) referenced, [TED/FEM/PUB/FBC/001/007 dated August 17, 2023](#), the following:

- (i) Maintenance of a permissible limit of -2.5 per cent to +2.5 per cent of the Nigerian Foreign Exchange Market window weighted average rate of the previous day, being the spread on buying and selling by BDC operators; and
- (ii) Mandatory rendition of daily and monthly returns by BDC operators on the Financial Institution Forex (FIFX) rendition system.

4.1.7 Electronic Certificate of Capital Importation

To enhance transparency and efficient processing of investment flows to the country, CBN integrated the electronic Certificate of Capital Importation (eCCI) application with Society for Worldwide Interbank Financial Telecommunication (SWIFT) database. The aim

is to verify all inflows before Certificate of Capital Importation (CCI) is issued.

4.1.8 Payout option in Naira for Receipt of Proceeds of Diaspora Remittances

The CBN, in its efforts to further liberalise the payouts of diaspora remittances, introduced Naira payments in addition to USD and eNaira, as specified in circular [“Payout option in Naira for receipt of proceeds of diaspora remittances”](#) referenced [TED/FEM/PUB/FPC/001/004 and dated July 10, 2023](#).

4.2 Policy Measures Retained

The extant laws and guidelines in the foreign exchange market shall continue to apply during the period.

4.2.1 Digital Marine Insurance Certificate

The Digital Marine Insurance Certificate, which replaced the hard copy in 2020, shall continue to be used on the Nigeria Single Window for Trade.

4.2.2 e-Form 'NCX'

The e-Form 'NCX' for non-commercial export shall be processed electronically on the [Trade Monitoring System accessible at https://www.tradesystem.gov.ng/landing/index.html](https://www.tradesystem.gov.ng/landing/index.html).

4.2.3 e-Form 'A'

The e-Form 'A' for invisible transactions (PTA/BTA, Medical, Education, and other eligible remittances) shall be processed electronically on the Trade Monitoring System accessible at www.tradesystem.gov.ng.

4.2.4 e-Form 'NXP'

Exporters are required to register e-Form 'NXP' with any Authorized Dealer of their choice prior to shipment. Consequently, Bills of Lading in respect of exports from Nigeria shall bear the e-Form 'NXP' number of the underlying cargo.

The timeline for processing the form remains 48 hours from receipt of application as stipulated in the circular referenced TED/FEM/FPC/GEN/01/004 of April 19, 2017.

4.2.5 Restriction on Sales/Utilisation of Foreign Exchange

- i. Authorised Dealers are not allowed to sell foreign exchange to BDCs and other Authorised Buyers.
- ii. Authorised Dealers shall utilize interbank funds strictly for funding of Letters of Credits, Bills for Collection and other invisible transactions, subject to appropriate documentation as provided by extant regulation.
- iii. Funds purchased from the interbank market shall be utilised within 72 hours from the value date, failing, which such funds must be returned to the CBN for re-purchase at CBN's buying rate.
- iv. Payment for goods and services provided in Nigeria by resident companies and individuals shall not be made in foreign currency. It is a punishable offence as stipulated in section 20(5) of the CBN Act 2007 for any person or body corporate to refuse the acceptance of Naira as the legal tender currency for payment for goods and services in the country.

4.2.5.1 Exemptions from Foreign Exchange Restrictions/Utilisation

- (i) Agencies of government and operators permitted by law to carry out business transactions in foreign currency are

exempted. Accordingly, payment of port charges to the Nigerian Ports Authority (NPA), Nigerian Maritime Administration and Safety Agency (NIMASA), etc by oil companies shall be done using e-Form "A".

The CBN shall update the public of the exempted government agencies and operators from time to time.

- (ii) Foreigners, visitors and tourists are encouraged to use their cards for payments or exchange their foreign currency at any of the Authorized Dealers outpost including hotels.

4.2.6 Importation of Foreign Currency

The importation of foreign currency banknotes by Authorized Dealers shall be with prior approval of the CBN. Any Authorized Buyer intending to import foreign currency cash is required to submit an application, stating the amount and purpose, to the Director, Trade and Exchange Department, CBN, for consideration.

4.2.7 Foreign Exchange Importation by Oil and Oil Servicing Companies

Foreign exchange brought into the country by oil and oil servicing companies shall only be sold to either CBN or NNPC at the previous day's closing interbank rate as reported on the

Reuters terminal. Monthly online returns by both the oil companies and Nigerian National Petroleum Corporation (NNPC) on such sales and purchases shall be rendered to the CBN, using the approved format.

For the avoidance of doubt, this does not include cash inflows for the purpose of Certificate of Capital Importation (CCI) issuance.

4.2.8 Repatriation of Export Proceeds

In respect of the repatriation of export proceeds, all Authorized Dealers are required to note the following:

- I. Proceeds of oil and non-oil exports are to be repatriated into the export proceeds domiciliary accounts of the respective exporters' accounts within 90 days for oil exports and 180 days for non-oil exports, failing which the collecting bank will be liable to a fine of 10.0 per cent of the free-on-board (FoB) value including other penalties as provided in BOFIA 2020.
- II. Where an exporter fails to repatriate the proceeds into the export proceeds domiciliary account within the stipulated

period, the exporter shall be liable to a penalty of 1.0 per cent of the outstanding export proceeds.

4.2.9 Export Proceeds Domiciliary Accounts

Holders of export proceeds domiciliary accounts shall continue to use their proceeds for the following:

- (i) To finance eligible transactions for own use, supported with appropriate documentation.
- (ii) Sell to Authorized Dealers at the Nigerian Foreign Exchange Market (NFEM) window.

4.2.10 CBN Foreign Exchange Interventions Funds

The CBN Foreign exchange intervention funds shall neither be tradable in the inter-bank foreign exchange market nor sold to BDCs. The current foreign exchange management regime shall be sustained subject to further refinement as may be deemed necessary by the CBN.

4.2.11 Remittances of Retirement Benefits by Foreign Nationals

Retirement benefits of foreign nationals who contributed to the pension scheme shall continue to be eligible for remittance subject to the following documentation requirements:

- (i) Duly completed e-Form 'A';

- (ii) Resident permit and/or expatriate quota;
- (iii) Retirement savings account statement; and
- (iv) National Pension Commission's (Pencom) approval.

Personal home remittances from regular earnings by foreign nationals shall be eligible for remittances subject to documentation requirements.

4.2.12 Remittance of Family Maintenance Allowance by Foreign Nationals

Remittances by resident foreign nationals/expatriates for the maintenance of dependants on their own account or for any purpose whatsoever, are allowed up to 100.0 per cent of their net income, while physically resident in Nigeria, and subject to the following requirements:

- (i) Duly completed e-Form 'A';
- (ii) Tax Certificate/receipt for the relevant period;
- (iii) Photocopy of relevant pages of international passport;
- (iv) Valid Resident Permit;
- (v) Evidence of operation of an account with CBN and payment of salaries into the account.

4.2.13 Insurance Premium Remittances

Insurance premium remittances on oil and gas and special risks, which are handled by foreign brokers/insurers shall be undertaken in the foreign exchange market. The documentation requirements are:

- (i) Duly completed e-Form 'A'
- (ii) Demand Note/Debit Note from foreign broker/insurer
- (iii) Letter of attestation from the National Insurance Commission (NAICOM)

4.2.14 Declaration of Excess Currency Holdings at Port of Entry

Travelers entering/leaving Nigeria shall be required to declare any amount in excess of ₦100,000.00 (one hundred thousand naira only). In addition, any amount in excess of US\$10,000.00 (ten thousand US dollars) or its equivalent in their possession on arrival or departure from the country. These amounts may be reviewed by the CBN from time to time. The declaration on Forms Travel Import (TM) and Travel Export (TE) of foreign currency imports and exports, respectively, is required for statistical purposes only.

4.2.15 Advance Payment for Import

In line with the provisions of the Public Procurement Act (PPA) 2007, advance payments in respect of imports into Nigeria shall not exceed 15.0 per cent of the free on board (FoB) value of the transaction.

4.2.16 Foreign Currency Trading Position

Subject to compliance with the approved Foreign Currency Trading Position (FCTP) limits, Authorised Dealers shall continue to deal freely in autonomous funds. However, they shall not be allowed to purchase funds from other sources, including the inter-bank market, on behalf of a customer without a valid underlying transaction and supporting documents. □

4.2.17 Limit of Foreign Exchange Sales by Bureaux De Change

Bureaux De Change (BDCs) shall continue to observe a maximum foreign exchange cash sales limit of US\$5,000.00 (Five Thousand US Dollars Only) per approved transaction.

4.2.18 Pooling of funds

Pooling of funds purchased from the CBN with those acquired from other sources is allowed, provided the origin is duly identified and reported. Consequently, Authorized Dealers

shall continue to render appropriate statutory returns on sources and utilization of funds to the CBN.

4.2.19 Application for Foreign Exchange

All applications for foreign exchange, shall continue to be approved by banks, subject to stipulated documentation requirements before the remittance of funds.

4.2.20 Interest on Bills for Collection

The payment of interest in respect of Bills for Collection shall continue to be on the tenor of the Bill, which shall not exceed a maximum of 180 days at an interest rate negotiable subject to a maximum of 0.5 per cent of the bill value.

4.2.21 Government Guarantees

Private sector transactions shall not qualify for government guarantees.

4.2.22 Travel Allowance Limits

Business Travel Allowance (BTA) and Personal Travel Allowance (PTA) shall be subject to a maximum of US\$5,000.00 (Five Thousand US Dollars) and US\$4,000.00 (Four Thousand US Dollars) per quarter, respectively.

4.2.23 Capital Repatriation

Remittances in respect of dividends, capital, proceeds of investment, sale of international air tickets and consultancy services shall be made through the use of funds from the autonomous market and the 'Nigerian Foreign Exchange Market'.

4.2.24 Issuance of e-Certificate of Capital Importation

To streamline the extant regulations on the issuance of eCCI, Authorized Dealers are required to issue same in respect of imports of plant and machinery within 24 hours of submission of final shipping and other relevant documents by the applicant. Furthermore, where the date of the document (bill of lading) is older than 6 months at the time of submission, the Authorized Dealer is required to obtain the approval of the CBN before issuing the eCCI.

4.2.25 Maintenance of Disbursement Accounts

All foreign shipping companies/local agents shall be required to maintain disbursement accounts with Authorized Dealers. Inflows from their principals shall be lodged in the disbursement accounts for the purpose of payment of statutory fees and other related charges to Nigerian Ports Authority (NPA), Nigerian Maritime

Administration & Safety Agency (NIMASA), and other local shipping charges that are foreign currency (FCY) denominated.

Accordingly, foreign shipping companies with local agents shall not be allowed to access all segments of the Nigeria Foreign Exchange Market to pay statutory charges/fees.

4.2.26 Third Parties Transfers from Ordinary Domiciliary Accounts

Where transfers are to be made to third parties from ordinary domiciliary accounts, the purpose for the transfer should be provided by the account holder.

4.2.27 Foreign Currency Transactions by Hotels

Only hotels registered as Authorized Buyers of foreign exchange shall receive payment of hotel bills in foreign currency. In addition, hotels are allowed to buy foreign currency, subject to a limit of US\$5,000.00 (Five Thousand US Dollars) per approved transaction. They can also exchange into foreign currency any unused Naira balance received from guests, subject to evidence of the initial conversion. However, the payment of such bills in foreign currency shall be at the discretion of the foreign visitor.

4.2.28 e-Form 'M' Procedure for Importation of Petroleum Products

For the purpose of establishing Letters of Credit and Bills for Collection for the importation of petroleum products, Authorized Dealers shall forward to the Director, Trade & Exchange Department, all relevant documents for consideration prior to commencement of the transaction. Furthermore, the CBN shall be notified within 48 hours by the Authorized Dealers before bidding for funds to pay for such transactions.

4.2.29 e-Form 'M' Procedure

The following procedures shall apply in the processing of e-Form 'M'.

- i. All imports whether or not exempted from Destination Inspection Scheme (DIS) shall require the completion of an e-Form 'M'.
- ii. All imports into Nigeria (except those exempted) shall be subject to DIS.
- iii. The initial validity period of an approved e-Form 'M' for general merchandise shall be 360 days, which may be extended for another 180 days by the Authorized Dealer. For capital goods, the initial validity of an approved e-

Form 'M'/LC shall be 720 days subject to a maximum extension of another 360 days. However, any subsequent request for revalidation of e-Form 'M'/LC shall be submitted to the Director, Trade and Exchange Department, CBN for consideration and approval.

- iv. Post-landing charges on import of equipment shall continue to be treated as an integral part of the total cost of projects and of the e-Form 'M'. No direct or separate remittance on e-Form 'A' in respect of such charges shall be allowed.
- v. Shipping documents predating e-Form 'M' and LCs approval date shall be liable to sanctions in line with the provisions of BOFIA 2020, as well as, other appropriate sanctions that may be determined from time to time by the CBN.

4.2.30 Import Duty Payment

Import duty payable on items registered under e-Form 'M' transactions, whether 'valid' or 'not valid' for foreign exchange, shall be at the FX closing rate as advised by the CBN on the date of the duty assessment.

4.2.31 Exports

- i. All commercial exports, whether or not exempted from Pre-shipment Inspection, shall require the completion of the e-Form 'NXP'.
- ii. The validity of e-Form NXP is six (6) and three (3) months for non-oil and oil exports, respectively, from the date of registration, subject to renewal for three (3) months by the Authorised Dealer. Subsequent request for renewal shall require the approval of the Director, Trade and Exchange Department, CBN.
- iii. All exports from Nigeria, except those exempted, shall be subject to Pre-shipment Inspection by a government appointed inspection agent.
- iv. Goods to which this inspection applies shall not be exported from Nigeria unless an inspection agent has issued a Clean Certificate of Inspection.
- v. Payment for exports from Nigeria shall continue to be by means of Letters of Credit, Bills for Collection and Advance Payment. Such exports shall be executed on FoB or Cost, Insurance and Freight (CIF) basis, depending

on the contract between the exporter and the overseas buyer.

4.2.32 Invisible Trade Transactions

- i. Remittances for licences (Trademarks, Patents, Know-how and Franchise, etc.) or other Industrial Property Rights shall range between 0.5 to 5.0 per cent of net sales value, revenue or profit before tax as applicable. Trademarks fee shall not be allowed in respect of any agreement where the trademark owner has over 75.0 per cent of the equity in the local company. Companies with several product lines are required to separate the net sales of each product line in their audited accounts, so as to pay royalty for specific product(s) covered by the industrial property rights, and not on the entire/total sales of the company.
- ii. Fees for Technical Services such as training, installation and maintenance, etc, shall not be tied to net sales. The fees shall be settled on a per diem, man-hour, man-day, or man-month basis. Fees for Research & Development

and improvement shall not exceed 1.0 per cent of net sales.

- iii. Management Service fees shall range between 1.0 and 5.0 per cent of the company's profit before tax. Management Service fees on products where no profit is anticipated during the first three to five years shall range between 1.0 and 2.0 per cent of net sales only.
- iv. Annual Technical Support (ATS) fees payable to Information Technology (IT) licensors shall not exceed 23.0 per cent of the licence fee (the local component of which must be paid in Naira) and shall commence after the first year of implementation of the agreement and shall not last for more than three years. In addition, indigenous local vendors shall be involved in all ATS for Software Agreements. However, the fees should be paid in naira and shall not be less than 40.0 per cent of the ATS fees.
- v. Basic fee or lump sum fee not exceeding 5.0 per cent of turnover plus an incentive fee not exceeding 12.0 per cent of Gross Operating Profit (GOP) shall be applicable

on hotel services. Other payments which are internationally acceptable within the applicable hotel chains may be allowed.

- vi. Consultancy fees eligible for remittance shall be a maximum of 5.0 per cent of project cost and limited to projects of very high technology content for which indigenous expertise is not available. Service Agreement for high technology joint ventures shall continue to include a schedule for the training of Nigerian personnel for eventual take-over. In addition, Nigerian professionals shall be involved in the project implementation from inception to completion.

4.2.33 Miscellaneous Policy Measures

- i. Authorized Dealers are to note that funds from the Nigerian Foreign Exchange Market (NFEM) shall not be eligible for investment in securities denominated in foreign currencies abroad and setting up of offshore subsidiaries/branches of Nigerian companies. For the avoidance of doubt, only funds from other sources shall be used to finance such transactions.

- ii. Appropriate sanctions shall continue to be imposed on Authorized Dealers who remit funds on the basis of forged documents, engage in fraudulent transactions, fail to transfer customs revenue to the CBN in accordance with the laid down procedures, etc.
- iii. Sanctions shall also be imposed on bank customers who breach any of the foreign exchange operational guidelines.

SECTION FIVE

5.0 CONSUMER PROTECTION

5.1 Market Conduct Oversight

The CBN via circulars [“Release of the Consumer Protection Framework for Banks and Other Financial Institutions regulated by the Central Bank of Nigeria”](#) referenced CPD/DIR/GEN/CPF/03/004, [and dated November 7, 2016](#), as well as [“Issuance of the Consumer Protection Regulations”](#) referenced CPD/DIR/GEN/CIR/01/002, [dated December 20, 2019](#), shall enhance its consumer protection oversight in the banking industry by extending its scope to ensure adequate coverage of all licensed entities. This would ensure that, beyond the traditional banks, all other licensed or regulated institutions in the banking industry, fully imbibe and propagate:

- a. Disclosure and transparency by ensuring the provision of clear, understandable, and transparent information on terms, fees, risks, and conditions associated with all types of financial transactions and consumer interactions.
- b. Fair lending practices to support access to credit and financial services for deserving consumer segments by

preventing discrimination based on race, gender, and other factors.

- c. Consumer education and awareness to empower consumers to understand the risks, benefits, and implications of consummating financial transactions.
- d. Data privacy and security to safeguard consumer data and protect against usage, identity theft, fraud, and unauthorized access to personal information linked to financial transactions.
- e. Prohibition of unfair, deceptive, and abusive practices to ensure quality and safety of product offerings by consumers.
- f. Dispute resolution mechanisms that guarantee free, efficient, and accessible channels for consumers to resolve disputes with their financial service providers.
- g. Collaboration and cooperation with stakeholders (national and international), and adherence to global financial consumer protection standards.

As part of efforts to improve financial inclusion and increase consumer confidence in the banking sector, the CBN shall proactively pursue these themes; leveraging a risk-based

methodology that encourages consumer self-risk assessment, and the voluntary adoption of responsible business conduct practices by licensed entities, in their customer interactions.

This would ensure that emerging risks posed by innovation and the adoption of financial technology in the delivery of financial services are adequately profiled and controlled by the entities as the risk owners. It will also enable the CBN to efficiently allocate supervisory resources to entities whose activities pose significant risk to consumers and the public. Conversely, institutions with lower risks will receive reduced regulatory oversight to ensure that their conduct risk does not escalate.

The risk-based approach will enable increased regulatory oversight on other categories of financial institutions that command large market size and are thus capable of undermining consumer confidence in the financial system, if unchecked.

5.2 Consumer Education

The CBN shall continue to promote consumer education in the country, by seeking to equip financial services' consumers, with the knowledge and skills necessary to make informed and beneficial

financial decisions. This will be achieved, leveraging technology to develop innovations such as:

5.2.1 SabiMONI e-learning Platform

A financial literacy e-learning portal used to upscale consumer outreach and support financial education trainers/facilitators across the country. The portal offers training modules that enables consumers the opportunity to improve their financial literacy levels, acquire financial literacy certification and thereafter serve as trainers in their communities.

5.2.2 Infusion of Financial Literacy into Basic Education Curriculum

To ensure that the culture is incorporated at the early stages of life, financial literacy will be taught as part of the curriculum for basic education (primary and junior secondary schools), across the country, from 2024/2025 academic year.

5.3 Consumer Complaints Management

The CBN shall continue to leverage the complaints management architecture in the industry, to ensure all consumer complaints against entities under its regulatory purview are duly lodged, processed and resolved within prescribed timelines.

To ensure that regulated entities take greater responsibility in resolving their complaints, escalation of unresolved complaints to the CBN would be sustained. To that extent:

- a. Regulated entities shall continue to assign tracking numbers to consumers alongside an acknowledgement of all complaints lodged;
- b. Daily upload of all complaints received into the Consumer Complaints Management System (CCMS) shall continue in line with the [“Circular to All Banks: Deployment of the Consumer Complaints Management System”](#) referenced [CPD/DIR/CIR/01/001 of December 20, 2018](#);
- c. All complaints shall be treated and resolved in line with Service Level Agreements (SLA) prescribed in relevant regulations and guidelines, failing, which sanctions would be imposed to serve as a disincentive; and
- d. The complaints time bar policy prescribed in [Circular referenced FPR/DIR/GEN/CIR/05/011 of August 21, 2015](#) shall be sustained to ensure that complaints are presented within a reasonable time to ensure availability of records and witnesses.

Consumers that are dissatisfied with the internal dispute resolution process of a regulated entity may escalate to the CBN via the following channels:

- Email: cpd@cbn.gov.ng
- Letter addressed to the Director, Consumer Protection Department, Central Bank of Nigeria.
- Telephone 07002255226.

Complaints can also be escalated through any of the 37 branches of the CBN nationwide or any other channel that may be provided to ensure public access to CBN for this purpose.

5.4 Help Desks at the CBN

5.4.1 General Complaints and Enquiries

All enquiries/complaints in respect of services rendered by the Central Bank of Nigeria shall be made to:

- Help Desk: e-mail: contactcbn@cbn.gov.ng;
- Address: Director, Governor's Department, Central Bank of Nigeria, Corporate Headquarters, Central Business District, Abuja; and
- Telephone: +234-09-46236000

5.5.2 eNaira Help Desk

All complaints or enquiries on eNaira can be directed to:

- Email: helpdesk@enaira.gov.ng
- Telephone: 080MYENAIRA (+234-806-9362-472)

5.5.3 Foreign Exchange Authorized Dealers/Customers

All complaints and enquiries from the public in respect of trade and foreign exchange policies and transactions should be referred to:

- Help Desk email: ted@cbn.gov.ng; and
- Address: Director, Trade and Exchange Department, Central Bank of Nigeria, Corporate Headquarters, Central Business District, Abuja. Telephone: 0946237804

5.5.4 Monetary Policy Help Desk

The public can reach the CBN on all Monetary Policy enquiries using the:

- Help Desk email: mpd@cbn.gov.ng; and
- Address: Director, Monetary Policy Department, Central Bank of Nigeria, Corporate Headquarters, Central Business District, Abuja. Telephone: 0946238900



Olayemi Cardoso

Governor, Central Bank of Nigeria

January 1, 2024.

ANNEXURE I: GLOSSARY OF TERMS

TERMS	DEFINITION
AFREXIM Bank	African Export-Import Bank
Approval-in-Principle (A.I.P)	This is the first level of approval granted to the promoters of a proposed financial institution after fulfilling licensing requirements. However, a proposed financial institution cannot commence business operation with an AIP until a final license is granted by the CBN.
Authorised Buyers	Any Bureau De Change, Hotel or other corporate body licensed as such by the Central Bank of Nigeria
Authorised Dealers	Any bank licensed under CBNs and Other Financial Institutions Act 1991 as amended and such other specialised banks issued with license, to deal in foreign exchange.
Bank Verification Number (BVN)	CBN Verification Number commonly called BVN is a biometric identification system implemented by the Central Bank of Nigeria to curb or reduce illegal the banking transactions in Nigeria. It is a modern security measure in line with the Central Bank of Nigeria Act 1958 to reduce fraud in The banking system.
Bills of Lading	It is a receipt in respect of cargo accepted for transportation

TERMS	DEFINITION
Broad Money	Broad money is a category for measuring the amount of money circulating in an economy. It is defined as the most inclusive method of calculating a given country's money supply, and includes narrow money along with other assets that can be easily converted into cash to buy goods and services.
Bureaux De Change (BDCs)	A BDC shall be construed as any company that is licenced to carry on small scale foreign exchange business in Nigeria and whose sole object is the carrying on of such business on a stand-alone basis.
Cash Reserve Ratio	Cash Reserve Ratio (CRR) is the percentage of a bank's total deposit it needs to maintain as liquid cash. It is the amount of cash, banks need to hold on to without being allowed to invest or lend it for interest.
Cash Reserve Requirements (CRR)	CRR is a mandatory percentage of bank's total deposit that Deposit Money Banks are required to keep with the CBN. It is subject to change at the discretion of the CBN.
CBN Bills	These are securities issued by the CBN at OMO auctions for liquidity management purposes. They evidence the withdrawal of funds from The banking system. They are tradeable at the secondary market.

TERMS	DEFINITION
CBN Non-Interest Note (CNIN)	The CNIN, a non-interest liquidity management instrument, is a financial paper issued by the Central Bank of Nigeria evidencing an initial interest-free loan instrument between an authorised financial institution (lender) and the CBN (borrower). The CNIN, thus, entitles the authorised financial institution to, subsequently raise a corresponding interest free loan from the CBN, within twelve (12) months after the maturity of the initial interest-free loan. In this subsequent transaction, the CBN becomes the lender and the authorised financial institution is the borrower.
CBN Safe-Custody Account (CSCA),	It is a non-interest liquidity management instrument based on the contract of safe custody (Wadiah) between a depositing financial institution and the CBN as the custodian.
Certificate of Capital Importation	A certificate issued by a bank confirming an inflow of foreign currency or goods.
Cost, Insurance and Freight (CIF)	A trade term requiring the seller to arrange for the carriage of goods by sea to a port of destination and provide the buyer with the documents necessary to obtain the goods from the carrier.
COVID-19	Corona Virus Disease 2019 is a contagious disease which is caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).
Credit Bureaux	A credit bureaux is company that gathers information and updates a consumer's credit history.

TERMS	DEFINITION
Currency Swap	A foreign exchange transaction which involves the exchange of principle and interest in one currency for the same in another currency.
Customer due Diligence	This is a process by which an entity, for example a financial institution, determines the true identity of a customer and assesses the extent to which that customer or proposed customer exposes the entity to risk.
Customer Due Diligence (CDD)	<p>According to FATF, the Customer Due Diligence (CDD) measures involves:</p> <p>(a) Identifying a customer and verifying that customer's identity using reliable, independent source documents, data or information.</p> <p>(b) Identifying the beneficial owner, and taking reasonable measures to verify the Identity of the beneficial owner, such that the financial institution is satisfied that it knows who the beneficial owner is. For legal persons and arrangements this should include financial institutions understanding the ownership and control structure of the customer.</p> <p>(c) Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship.</p> <p>(d) Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution's knowledge of the</p>

TERMS	DEFINITION
	customer, their business and risk profile, including, where necessary, the source of funds.
Data Controllers	A data controller simply means any person or company that determines "why" data is to be processed and "how" data is to be processed.
Deposits held as collateral	<p>A deposit that, given the consent of a customer, is used to secure or part-secure a credit facility. Though it is not required that a new deposit account be created to hold deposit being held as collateral, it may be convenient for such new account to be created in the customer's name.</p> <p>It should be noted that a customer may pledge his/its deposit as collateral for a facility extended to another party.</p>
Destination Inspection Scheme	A Customs process of inspecting imports on arrival at the port of discharge/entry.
Development Finance Institutions (DFIs)	A Development Finance Institution is a specialised financial institution established with specific mandate to develop and promote key sectors of the economy considered to be of strategic importance to the overall socio-economic development objectives of the country.

TERMS	DEFINITION
Domestic Claims	Domestic claims constitute of claims on government, and claims on other sectors (Claim on other sectors covers claims on other financial corporations, Claims on state and local government, Claims on public nonfinancial corporations, and Claims on private sector)
Domestic Systemically Important Banks (D-SIBs)	D-SIBs are banks that have been designated as too big to fail for their systemic importance. In Nigeria, the indicator-based measurement approach as well as, supervisory judgement are used to determine SIBs.
eForm 'A'	Electronic application to pay for service transactions (invisible trade transactions)
e-Form 'M'	Electronic application to import goods (visible trade transactions)
eForm 'Q'	Electronic application of Forex in respect of medium and small-scale enterprises.
Electronic Certificate of Capital Importation	This is the automated system of confirming an inflow of foreign currency or goods.
Eligible transactions	Transactions that have been prescribed as eligible by the CBN and may be reviewed from time to time

TERMS	DEFINITION
FAAC	Federation Account Allocation Committee
Finance Companies (FCs)	A finance company is licensed to provide financial services to individual consumers and industrial, commercial, or agricultural enterprises.
Foreign Currency Trading Position (FCTP)	This is the sum of the structural balance sheet position in each currency plus the dealing position. It is the maximum exposure (long or short) allowed in foreign currency or currencies to a bank in respect of its daily trade.
Form NXP	Application for the commercial export of goods and services
Free-on-Board (FoB) value	This is a term in international commercial law specifying at what point respective obligations, costs, and risk involved in the delivery of goods shift from the seller to the buyer under the Incoterms 2010 standard published by the International Chamber of Commerce.
Gross Domestic Product (GDP)	Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period
Headline Inflation	Headline inflation is the total inflation in an economy

TERMS	DEFINITION
IFEM	Forum in which Authorised Dealers buy and sell foreign exchange among themselves. Also, Authorised Dealers can sell to Authorised Buyers.
Insider	An insider includes a director, a significant shareholder, an officer, any entity in which a director has significant shareholding or is a director, subsidiaries, and affiliates of CBN or OFI.
Insider-Related Loans	A loan or other credit facility granted to an insider or his/its related party.
Intraday Liquidity Facility (ILF),	<p>Intraday Liquidity Facility is essentially for DMBs to cover liquidity shortfalls within stipulated time frame during the business day to avoid gridlocks on the Real Time Gross Settlement System.</p> <ul style="list-style-type: none"> • ILF is interest free but subject to eligibility of participants as well as instruments. • It can be accessed through the web interface of the Scripless Securities Settlement System (S4); not subject to authorization by CBN. • ILF should be available between the hours of 9 a.m and 5.00 p.m. on a business day. • ILF buy-back should be effected by 5.00 p.m. <p>ILF can be converted to overnight repo (terms and conditions apply), if necessary.</p>

TERMS	DEFINITION
Invisible Trade Transactions	Invisible Trade transactions are Service Transactions. These are transactions that involve the exchange of services for payments.
Letter of Credit (LC)	"Any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation." (UCP 600, article 2)
MDAs	Ministries, Departments and Agencies.
Micro, Small and Medium Enterprises (MSMEs)	Enterprises with up to 250 employees.
Microfinance Banks (MFBs)	A microfinance bank provides financial services such as savings and deposits, loans, domestic fund transfers and other financial and non-financial services to economically active low-income earners, low-income households, the unbanked and under-served people, micro-entrepreneurs, informal sector operators, subsistence farmers in urban and rural areas.
Monetary Policy Rate (MPR)	It is the policy rate at the disposal of the monetary authorities. The rate is set by Monetary Policy Committee (MPC) which expectedly anchors on other interest rates in the financial system and

TERMS	DEFINITION
	determine the expansionary or contractionary stance of a Central Bank.
Money Market Dealers	The money market consists of financial institutions and dealers in money or credit that wish to either borrow or lend short – term financial instruments typically up to twelve months, on their own account or on behalf of other entities.
Money Mobile Operators (MMO)	Money Mobile Operator (MMO) is a licensed mobile money service provider that develops and deploys financial services through mobile phones and mobile telephone networks.
Mortgage Refinance Companies (MRCs)	A Mortgage Refinance Company is a financial institution established to provide short-term liquidity and/or medium- to long-term funding or guarantees to mortgage loan originators.
Multiple ownership of BDCs	This refers to a situation in which a single person has equity shareholding in more than one bureau de change.
Net Domestic Assets (NDA)	Net Domestic Assets NDA .
Net Foreign Assets (NFA)	Net foreign assets (NFA) refer to the value of overseas assets owned by a nation, minus the value of its domestic assets that are owned by

TERMS	DEFINITION
	foreigners, adjusted for changes in valuation and exchange rates. NFA determine whether a country is a creditor or debtor nation by measuring the difference in its external assets and liabilities
Net Foreign Currency Trading Position	The net difference between foreign currency cash assets and foreign currency cash liabilities
Net Open Position	The net difference between the overall foreign assets and foreign liabilities of a bank, which includes on- and off-balance sheet items, as well as, spot and forward transactions
Net Open Position (Long)	A bank is considered to have a NOP in the Long Position when total foreign assets exceed total foreign liabilities
Net Open Position (Short)	NOP is in the Short Position when total foreign liabilities exceed total foreign assets
Nigerian Exchange Group (NGX)	It is a leading integrated market infrastructure in Africa that provides a wide range of services such as listing and trading of securities, licensing, market data solutions, ancillary technology, regulation, real estate, among others through its subsidiaries like NGX Exchange, NGX REGCO, and NGX RELCO. The Group is also into investment in

TERMS	DEFINITION
	the financial infrastructure space including in NG Clearing Limited, Central Securities and Clearing Systems (CSCS), OTC platforms and fintech companies.
Nigerian Foreign Exchange Market(NFEM) Window	The Nigeria Foreign Exchange Market Foreign Exchange Window (NFEM FX Window) is the market trading segment for investors, exporters and end-users that allows for foreign exchange trades to be made at exchange rates determined based on prevailing market circumstances, thus ensuring efficient and effective price discovery in the Nigerian foreign exchange market. The exchange window was established by the CBN via a circular, dated April 21, 2017.
Nigerian Treasury Bills	These are money market securities, backed by the guarantee of the Federal Government, issued for tenors of 91 days, 182 days and 364 days at the primary market auction, which are held fortnightly or as stipulated in the NTB issuance calendar/programme.
Non-Interest Financial Institutions (NIFI)	These are institutions whose operations/ activities are guided by the principles of Islamic Commercial Jurisprudence.

TERMS	DEFINITION
Open market Operations	Open Market Operations (OMO) is a liquidity management tool used by monetary authorities to buy or sell government securities in the open market (primary or secondary) through auctions in order to expand or contract the amount of money in The banking system.
Other Depository Corporations (ODCs)	Other Depository Corporations (ODCs) sector consists of all depository institutions, excluding the central bank, that issue liabilities included in the national definition of broad money (see MFSMCG, 2016)
Other Financial Institutions (OFIs)	This shall be as defined in Section 57(1) and (2) of CBNs and Other Financial Institutions Act (BOFIA) 2020.
Payment Service Banks (PSBs)	Payment Service Banks are banks that leverage on technology to provide services that are easily accessed by the unbanked population and those in hard-to-reach areas of the country. Payment Service Banks are required to comply with relevant extant regulations and CBN's prudential guidelines and circulars which are issued periodically.
Payment Solution Service Provider (PSSPs):	Payment Solution Service Providers (PSSPs) offer technology solutions and infrastructure for electronic payment transactions

TERMS	DEFINITION
Post-landing Charges	<p>Post-Landing charges refer to the retention fee of 5 – 15% that an importer may retain and remit to the supplier after a satisfactory evaluation/performance of the goods imported. This is usually agreed between the supplier and importer, and stated in the contract agreement and pro-forma invoice.</p>
Primary Mortgage Banks (PMBs)	<p>A Primary Mortgage Bank is licensed to carry out primary mortgage the banking business, such as:</p> <ul style="list-style-type: none"> • Mortgage finance; • Real estate construction finance within the permitted limits; • Acceptance of savings and time\term deposits; • Acceptance of mortgage-focused demand deposits; • Drawing from mortgage funds (e.g. National Housing Fund Facility) for on-lending; • Financial advisory services for mortgage customers; and <p>Other activities the CBN may approve from time to time in Nigeria</p>
Related party	<p>This is any natural or legal person that is controlled by or connected to an insider or any other person as the CBN may deem from time to time.</p>
Renminbi	<p>Currency system of the People's Republic of China</p>

TERMS	DEFINITION
Repo (Repurchase Agreement)	A repurchase agreement is a contract in which the vendor of a security agrees to repurchase it from the buyer at an agreed price. Repos are money-market instruments, usually used to raise short-term capital.
Reserve Money	Reserve money is the central bank issued money that functions as the monetary base of an economy and it mostly includes all of the currency (currency notes, coin) in circulation, in addition to bank's deposits with the central bank. Reserve money is also called as high-powered money or base money.
Reverse Repo	Reverse repurchase agreement is the opposite of repo. It is the purchase of securities with the agreement to sell at a higher price at a specific future date.
Risk-Based Pricing Model	<p>This refers to the process by which banks compute the interest rates charged based on a customer's risk profile.</p> <p>In order to promote transparency in the pricing and setting of rates, the CBN vide a circular referenced BSD/DIR/GEN/CIR/04/015 directed banks to develop all-inclusive risk-based interest</p>

TERMS	DEFINITION
	rate pricing models and forward same to the CBN. DMBs are expected to quote lending rates as fixed spread over the Monetary Policy Rate.
Special Purpose Deposits	A deposit made by a customer or transferred from his/her account that is not accessible to the customer, for more than seven (7) days.
Standing Deposit Facility (SDF),	Standing Deposit Facility (SDF) is the lower corridor of the monetary policy rate at which DMBs can deposit their excess funds overnight with the CBN for an interest rate.
Standing Lending facility (SLF)	The Standing Lending Facility (SLF) is the upper corridor of the monetary policy rate for DMBs to borrow funds overnight from the Central Bank of Nigeria, to square up short-term positions.
Subordinated Debts	Subordinated debt is a loan or security that ranks below other loans and securities with regard to claims on a company's assets or earnings.
Sukuk Instruments	These are Islamic bonds, structured to generate returns to investors without infringing on the principles and provisions of the Islamic law. Sukuk represents undivided shares in the ownership of tangible assets relating to particular projects or special investment activity.

TERMS	DEFINITION
Super Agent	Super Agent is an institution licensed by the CBN to develop and manage agent networks and can be contracted by a principal for the purpose of providing financial services at agent locations.
Swaps	An over-the-counter contract requiring two parties to agree to exchange a sequence of cash flows where payment by one party is dependent on the movement of an underlying asset or rate while the other party's payment is determined by a different set of underlying asset rate.
Travel Export (TE)	Declaration of export of foreign currency and financial instruments above US\$10,000.00 or its equivalent, precious stones, jewellery and works of art (including antiquities) from Nigeria.
Travel Import (TM)	Declaration of import of foreign currency and financial instruments above US\$10,000.00 or its equivalent, precious stones, jewellery and works of art (including antiquities) into Nigeria.
'Valid' or 'Not-valid' for Foreign Exchange	When a transaction is 'Valid' it implies that the applicant can access the interbank for funds and when 'Not Valid' it implies the applicant cannot access the interbank for funding.
Y-on-Y	Year-on-Year

ANNEXURE II: PRUDENTIAL GUIDELINES FOR LICENCED BANKS

The revised prudential guidelines for licensed bank issued by the CBN which came into effect July 1, 2010 shall continue to be used as a guide for banks' operations subject to review from time to time.

The guidelines are accessible via the CBN website link below:

http://www.cenbank.org/out/2010/publications/bsd/prudential%20guidelines%2030%20june%202010%0final%20%20_3.pdf

ANNEXURE IV: AFOREMENTIONED CIRCULARS:

The referenced circulars aforementioned, can also be accessed below:



Central Bank of Nigeria

Financial Policy & Regulation Department

Plot 33, Abubakar Tafawa Balewa Way
Central Business District
P.M.B. 0187, Garki, Abuja - Nigeria.
Email: fprd@cbn.gov.ng
Website: www.cbn.gov.ng
Phone: 09-462-37402, 09-462-37404

December 22, 2023

FPR/DIR/PUB/CIR/002/003

CIRCULAR TO ALL BANKS AND OTHER FINANCIAL INSTITUTIONS

GUIDELINES ON OPERATIONS OF BANK ACCOUNTS FOR VIRTUAL ASSETS SERVICE PROVIDERS (VASPs)

The CBN in February 2021 issued a circular restricting banks and other financial institutions from operating accounts for cryptocurrency service providers in view of the money laundering and terrorism financing (ML/TF) risks and vulnerabilities inherent in their operations as well as the absence of regulations and consumer protection measures.

However, current trends globally have shown that there is need to regulate the activities of virtual assets service providers (VASPs) which include cryptocurrencies and crypto assets. Following this development, the Financial Action Task Force (FATF) in 2018 also updated its Recommendation 15 to require VASPs to be regulated to prevent misuse of virtual assets for ML/TF/PF.

Furthermore, Section 30 of the Money Laundering (Prevention and Prohibition) Act, 2022 recognizes VASPs as part of the definition of a financial institution. In addition, the Securities and Exchange Commission (SEC) in May 2022 issued Rules on Issuance, Offering and Custody of Digital Assets and VASPs to provide a regulatory framework for their operations in Nigeria.

In view of the foregoing, the CBN hereby issues this Guidelines to provide guidance to financial institutions under its regulatory purview in respect of their banking relationship with VASPs in Nigeria.

The Guidelines supersedes the CBN's circulars referenced FPR/DIR/GEN/CIR/06/010 of January 12, 2017 and BSD/DIR/PUB/LAB/014/001 of February 5, 2021 on the subject. However, banks and other financial institutions are still prohibited from holding, trading and/or transacting in virtual currencies on their own account.

Accordingly, all banks and other financial institutions are hereby required to immediately comply with the provisions of the Guidelines.

A handwritten signature in blue ink, appearing to read 'Haruna B. Mustafa'.

HARUNA B. MUSTAFA
DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT



09-46236401

1st July, 2016

Tel.....
 E-mail: fprd@cbn.gov.ng

FPR/DIR/CIR/GEN/06/002

CIRCULAR TO BANKS AND OTHER FINANCIAL INSTITUTIONS

REVIEW OF RESTRICTIONS AND LIMITS ON LEVELS I AND II OF THE TIERED KYC ACCOUNTS

In its circular dated 18th January, 2013 referenced FPR/DIR/CIR/GEN/01/001 on the introduction of three-tiered Know Your Customer (KYC) requirements, the CBN directed financial institutions to adopt the provisions of the three-tiered KYC in addition to the provision of the CBN AML/CFT Regulations, 2009 (as amended).

Following representations made by stakeholders for review of the limits and restrictions on the operations of Tiers I and II accounts, the CBN in furtherance of its efforts to deepen financial inclusion, has reviewed upward the current transaction limits on Tier I and II accounts as shown below:

	TIER I	TIER II
Single Deposit	N50,000	N100,000
Cumulative Balance	N300,000	N500,000
For mobile money, Maximum Single Transaction Limit and Daily Cumulative Transaction Limit	In line with Banking and Payments System Department circular dated 2 nd February, 2015 and referenced BPS/DIR/GEN/CIR/02/003	

Note that the provisions of Regulation 77 of the CBN AML/CFT Regulations, 2013 shall apply in the identification and verification of Tier II customers as stated in item (iii) of our circular referenced FPR/DIR/CIR/GEN/01/001 dated 18th January, 2013.

KEVIN N. AMUGO
 DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT



CENTRAL BANK OF NIGERIA

Corporate Head Office,
Central Business District,
P.M.B. 0187,
Garki, Abuja – F.C.T.

Website: www.cenbank.org
Email: financialmarkets@cbn.gov.ng
Tel: 09 462 36700, 0946236703

Ref: FMD/DIR/CIR/GEN/08/007

April 21, 2017

TO ALL AUTHORISED DEALERS

ESTABLISHMENT OF INVESTORS' & EXPORTERS' FX WINDOW

1. INTRODUCTION

The Central Bank of Nigeria (CBN), in a continuing effort to deepen the foreign exchange (FX) market and accommodate all FX obligations, hereby announces a special window for Investors, Exporters & End-users (hereinafter referred to as the "Investors' & Exporters' FX Window" or the "Window"). The purpose of this Window is to boost liquidity in the FX market and ensure timely execution and settlement for eligible transactions.

2. PERMITTED TRANSACTIONS

Transactions eligible to access the Window include:

- a) **Invisible Transactions (excluding International Airlines Ticket Sales' Remittances)** - Loan Repayments, Loan Interest Payments, Dividends/Income Remittances, Capital Repatriation, Management Services Fees, Consultancy Fees, Software Subscription Fees, Technology Transfer Agreements, Personal Home Remittances and any such other eligible invisible transactions including 'Miscellaneous Payments' as detailed under Memorandum 15 of the CBN Foreign Exchange Manual.
- b) **Bills for Collection**

Note:

The above permitted invisible transactions (a) and Bills for Collection (b) are eligible to purchase foreign currency i.e., US Dollars sourced from the CBN FX Window limited to Secondary

Market Intervention Sales (SMIS) Wholesale (Spot and Forwards) only.

International Airlines Ticket Sales' Remittances shall only be eligible to access the CBN FX Window (i.e., Secondary Market Intervention Sales (SMIS) – Retail and Wholesale; Spot and Forwards).

- c) **Any other trade-related payment obligations (at the instance of the customer)**

3.0 PARTICIPANTS

The supply of foreign currency to the Window shall be through portfolio investors, exporters, Authorised Dealers and other parties with foreign currency to exchange to Naira. The CBN shall also be a market participant at this Window to promote liquidity and **professional market conduct**.

4.0 PRICE DISCOVERY

Due to the slow progress made by corporates in on-boarding the FMDQ Thomson Reuters FX Trading & Auction Systems, participants at this Window shall trade via telephone until appreciable progress is made with the FX Trading Systems On-boarding process. Authorised Dealers are therefore advised to promote market transparency by encouraging their corporate clients to on-board to ensure the activities of the Window are operated on the FX Trading Systems. Participants are advised to ensure that all trade conversations are recorded and auditable. Consequently, to provide price discovery to the market, FMDQ OTC Securities Exchange (FMDQ) shall be charged with polling buying and selling rates and other relevant information from the major participants in the market to provide participants with the requisite price discovery, and the CBN with the indicative market depth until the market migrates to the FX Trading Systems.

Therefore, FMDQ shall publish on its website (www.fmdqotc.com) market rates and any other relevant information twice daily as follows:

- (i) Indicative Opening Mid-Rate - 9:00 AM daily
- (ii) Indicative Closing Mid-Rate - 4:00 PM daily

Furthermore, to support appropriate benchmarking and facilitate derivatives activities in the Investors' & Exporters' FX Window, **FMDQ will develop and publish a new fixing, NAFEX (the Nigerian Autonomous Foreign Exchange Fixing)**.

5.0 OPERATIONAL REQUIREMENTS

The following conditions shall apply:

- a) The exchange rates of the transactions in the Window shall be as agreed between Authorised Dealers and their counterparties (i.e. willing buyer and willing seller basis).
- b) The CBN reserves the right to intervene as a buyer or seller, as it deems fit, in the Window.
- c) Authorised Dealers may hold positions subject to their respective Foreign Currency Trading Position Limits (FCTPL).
- d) Authorised Dealers shall not exceed their respective FCTPL without the approval of the CBN. Compliance with the FCTPL shall be strictly monitored by the CBN.
- e) Where an Authorised Dealer has a foreign currency trading position in excess of its limit, it is expected that such excess shall be defeased during trading hours. The Authorised Dealer shall offer the funds to the CBN or to another Authorised Dealer but with the prior express approval of the CBN. Where such funds are sold to other Authorised Dealers, the purchased funds shall only be sold by the buying Authorised Dealer to its customers. An attestation of this compliance must be provided by the buying Authorised Dealer to the selling Authorised Dealer. The funds purchased cannot be held in position overnight by the buying Authorised Dealer or sold to another Authorised Dealer.
- f) Information on transactions between Authorised Dealers shall be reported to the CBN on a daily basis.

All documentation requirements for permitted transactions shall apply.

Authorised Dealers shall render daily returns (hard and soft copy, in a format to be communicated by the CBN) of all transactions in this market to the Directors, Financial Markets and Banking Supervision Departments, Central Bank of Nigeria.

6.0 OTC FX FUTURES

Market participants in the FX market shall have opportunities to hedge their foreign exchange exposures. Authorised Dealers shall provide the market with required FX hedges including forwards, swaps, futures or options. The CBN shall continue to bolster liquidity in the derivatives market with the Naira-settled OTC FX Futures which shall, going forward, settle on NAFEX.

However, outstanding Naira-settled OTC FX Futures contracts i.e., open contracts of **April 2017 to March 2018** maturities as at April 18, 2017 (hereinafter

called, the "Legacy OTC FX Futures Contracts"), in consideration of the framework of the OTC FX Futures market at the time of execution of the contracts, may settle on the Nigerian Inter-bank Foreign Exchange Fixing (NIFEX) as stipulated as follows:

6.1 In order to uphold market stability and integrity, the CBN (in managing the transition of participants to the Window), shall offer to holders of the Legacy OTC FX Futures Contracts, the choice between

Option A - Settlement of their Legacy OTC FX Futures Contracts at the respective NIFEX rates at the maturity dates of the said contracts; and

Option B - Settlement of their Legacy OTC FX Futures Contracts at the respective NAFEX rates at the maturity dates of the said contracts.

Consequently, market participants who had hedged valid FX exposures with any of the April 2017 to March 2018 OTC FX Futures contracts as at April 18, 2017 (i.e., holders of the Legacy OTC FX Futures Contracts) should communicate their preferred settlement option as depicted above to FMDQ to enable appropriate settlement at the times of maturity of the respective OTC FX Futures contracts.

6.2 The above options shall be made available under the following conditions:

- (i) Holders of the Legacy OTC FX Futures Contracts that opt for settlement at the NIFEX rates (i.e., Option A), may source for the foreign currency, i.e., US Dollars, to settle their obligations on the Legacy OTC FX Futures Contracts' underlying eligible transactions from the CBN FX Window (i.e., Secondary Market Intervention Sales (SMIS), the Investors' & Exporters' FX Window or the inter-bank FX market).
- (ii) Holders of the Legacy OTC FX Futures Contracts that opt for settlement at the NAFEX rates (i.e., Option B), shall **NOT** be eligible to source or purchase foreign currency i.e., US Dollars sourced from the CBN FX Window (i.e., Secondary Market Intervention Sales (SMIS) – Retail and Wholesale) to settle their obligations on the Legacy OTC FX Futures Contracts' underlying eligible transactions. Holders may source the US Dollars through the Investors' & Exporters' FX Window or the inter-bank FX market to settle their attendant US Dollar liabilities.

- (iii) Holders of the Legacy OTC FX Futures Contracts have a maximum period of forty (40) business days from the date of this Circular, to advise FMDQ of their preferred settlement option for all Legacy OTC FX Futures Contracts. All Legacy OTC FX Futures Contracts without a firm confirmation of the preferred settlement option by the holder after this period shall be settled at either NIFEX or NAFEX depending on the type of the hedged eligible underlying transaction.
- 6.3 Any settlement option (i.e., Option A or Option B) selected by a holder of Legacy OTC FX Futures Contracts will be applied across all Legacy OTC FX Futures Contracts held by that holder i.e., a holder of multiple Legacy OTC FX Futures Contracts will not be permitted to choose more than one (1) settlement option for its Legacy OTC FX Futures Contracts.
- 6.4 Legacy OTC FX Futures Contracts and their attendant eligible underlying transactions shall be revalidated by the CBN and FMDQ where considered necessary.
- 6.5 For the avoidance of doubt, all Naira-settled OTC FX Futures contracts offered by the CBN post the release of this circular shall be settled at the NAFEX rate.

This Circular takes effect from April 24, 2017.



Dr. Alvan E. Ikoku
Director, Financial Markets Department



09-46235433, 09-46236401
09-61635433, 09-61636418

BSD/DIR/GEN/CIR/02/019.

January 29, 2009

CIRCULAR TO ALL BANKS IN NIGERIA

PUBLICATION OF INTEREST RATES

This is to remind all Deposit Money Banks that as agreed at the last Governor's breakfast meeting with Chief Executive Officers of banks, and with effect from January, 2009 the CBN-published monthly deposit and interest rates and charges, will be inclusive of all charges, commissions and fees. Consequently, banks are required to annualise all their charges, commissions and fees and add them to their base lending rates to arrive at their all-inclusive average lending rates which they submit to the CBN for publication.

Also, the CBN, shall with effect from January 2009 include the following footnote to the monthly publication of banks' deposit and interest rates and charges, "*The Central Bank of Nigeria publishes the average deposit and lending rates paid or charged by deposit money banks in Nigeria for the interest of the general public in order to promote transparency. The lending rates which include all charges, fees and commissions and the deposit rates represent the true rates at which the banks do business. These rates are also available on the Central Bank of Nigeria website at www.cenbank.org*"

Banks are advised to comply with the requirements of this circular. Non compliance shall be sanctioned appropriately.

D.A.N. EKE
Ag. DIRECTOR OF BANKING SUPERVISION

CENTRAL BANK OF NIGERIA



**REGULATIONS FOR TRANSACTIONS WITH
AUTHORISED DEALERS IN RENMINBI**

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REGULATIONS FOR TRANSACTIONS WITH AUTHORISED DEALERS IN RENMINBI

1.0 BACKGROUND AND INTRODUCTION

In line with the statutory mandate of the Central Bank of Nigeria (CBN) as set out in the Central Bank of Nigeria Act, 2007, the CBN and The People's Bank of China (PBoC) executed the PBoC-CBN Bilateral Currency Swap Agreement (BCSA).

The swap agreement allows for both Banks to among other purposes make available liquidity in their respective currencies for the facilitation and promotion of trade and investments across the two Nations, through the purchase, sale and subsequent repurchase and resale of the Chinese Yuan (CNY) against the Naira and vice versa. To achieve this, the CBN may conduct bi-weekly bidding sessions.

The BCSA is for a maximum amount of CNY 15 Billion for NGN 720 Billion with a 3 year tenor.

Pursuant to the provisions of the Banks and Other Financial Institutions Act (BOFIA), LFN, 2004 (as amended) and the Central Bank of Nigeria Act, 2007, the CBN hereby issues the following Regulations.

2.0 PURPOSE OF THE BILATERAL CURRENCY SWAP (BCS)

The BCS shall be used for the following purposes only:

- (a) To finance trade & direct investment between The Peoples' Republic of China (PRC) and the Federal Republic of Nigeria (FRN);
- (b) Maintain financial market stability; and
- (c) For other purposes that both parties may agree upon.

3.0 ELIGIBILITY

The following shall apply in respect of access to the CBN bi-weekly Renminbi bidding:

- (a) All Authorized Dealers shall open Renminbi accounts with a correspondent bank and advise CBN with its Renminbi Account details which may either be with a bank onshore or offshore China.
- (b) Importers intending to import from China shall obtain Proforma Invoice denominated in Renminbi as part of the documents required for the registration of Form M.
- (c) FX purchased in the window shall not be used for payments on transactions in which the beneficiaries are not in China.
- (d) Authorized Dealers shall not open domiciliary accounts denominated in Renminbi for customers.
- (e) For the purpose of this regulation authorized dealers shall be deposit money banks and merchant banks.

4.0 MODE OF PAYMENT

Modes of payment shall be in line with Memorandum 9 of the Foreign Exchange Manual as specified below:

- (a) **Letters of Credit transactions:** All negotiating documents and/or shipping documents (as may be applicable), must be routed from the Beneficiary/Supplier through his/her bank to the issuing bank. For the avoidance of doubt, on no account must a bank endorse or pay on documents that do not comply with the routing outlined above;
- (b) **Bills for Collection transactions:** Documents must be routed to the issuing bank either directly from the supplier's bank or through the offshore correspondent of the issuing bank; and
- (c) In addition, the documents in respect of 'Not Valid' for foreign exchange transactions shall be routed by the supplier directly to the applicant's bank that validates the underlying e-Form 'M'.

5.0 CONDUCT OF INTERVENTION

- (a) The CBN may conduct bi-weekly Renminbi bidding sessions.
- (b) The Renminbi sales shall be applicable only to trade-backed transactions.

4

- (c) Importers and Exporters shall continue to pay the applicable levies on imports and exports, respectively.
- (d) Authorized Dealers are required to utilize funds within 72 hours from the value date, failing which such funds must be returned to the CBN for repurchase at the Bank's buying rate.
- (e) The CBN shall debit Authorized Dealers' current account on the day of intervention with the Naira equivalent of the Renminbi bid request.
- (f) Bids shall be settled spot through a multiple-price book bidding process and will cut-off at a marginal rate (to be disclosed after the conclusion of the Special SMIS – Retail process).

6.0 DISCRETION ON RATES

The CBN reserves the right not to make a sale if in its opinion the exercise does not provide an effective price for the determination of the NGN/CNY exchange rate, in which case, the CBN may choose to offer another Special SMIS (retail or wholesale) session.

7.0 CHARGES

There shall be no predetermined spread on Spot FX transactions executed through the CBN Renminbi intervention. However, Authorised Dealers may earn not more than 50 kobo

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on a customer's bid.

8.0 APPLICABILITY OF EXISTING GUIDELINES

For the avoidance of doubt, the provisions of this Regulation shall apply along with all existing CBN Guidelines, Circulars and Directives on the operations of the foreign exchange market.

9.0 AMENDMENT

This Regulation may be amended by the CBN from time to time as the Bank may deem necessary.

10.0 ENQUIRIES

Authorised Dealers are to refer all enquiries to:

The Director,
Financial Markets Department,
Central Bank of Nigeria,
Corporate Headquarters,
Central Business District,
Abuja, Nigeria.
Tel.: +234-9-46236703
+234-9-46236700.



Dr. ALVAN. E. IKOKU

DIRECTOR, FINANCIAL MARKETS DEPARTMENT

JUNE 6, 2018.



CENTRAL BANK OF NIGERIA

Banking Supervision Department
Central Business District
P.M.B. 0187
Garki, Abuja.

09-46236403

Tel:.....
E-mail: bsd@cbn.gov.ng

BSD/DIR/GEN/LAB/13/052

September 01, 2020

LETTER TO ALL BANKS

RE: INTEREST RATE ON SAVINGS DEPOSIT

The Central Bank of Nigeria (CBN) has noted with satisfaction the recent declining trend in market rates in the banking sector following the implementation of policies aimed amongst others, at stimulating credit flow to the real sector.

In line with recent market developments, the Bank has reviewed the minimum interest payable on savings deposits as provided in its Guide to Charges by Banks, Other Financial and Non-Bank Financial Institutions issued in December 2019.

Consequently, all deposit money banks are hereby informed that effective September 1, 2020 interest on local currency savings deposits shall be negotiable subject to a minimum of 10% per annum of Monetary Policy Rate.

This Letter supersedes that of August 31, 2020 referenced **BSD/DIR/GEN/LAB/13/051** on the same subject.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Bello Hassan', written over a circular stamp.

BELLO HASSAN
DIRECTOR OF BANKING SUPERVISION



OTHER FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT
Tel: 09-46235439
e-mail: ofisd@cbn.gov.ng
Website: www.cbn.gov.ng

CENTRAL BANK OF NIGERIA
Central Business District
Cadastral Zone AO
P.M.B 0187, Garki
Abuja

REF: OFI/DOA/LTT/CON/002/138

October 8, 2021

LETTER TO OTHER FINANCIAL INSTITUTIONS (OFIs)

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS BY OTHER FINANCIAL INSTITUTIONS (OFIs)

On 28 July 2010, the Nigerian Federal Executive Council approved January 1, 2012, as the effective date for adoption of International Financial Reporting Standards (IFRS Standards) in Nigeria.

IFRS Standards are required for the financial statements of all 'public interest entities', which include not only quoted and unquoted companies but also governments, government organisations, and not-for-profit entities that are required by law to file returns with regulatory authorities. All Other Financial Institutions (OFIs) fall under this category by virtue of the requirements to file returns with the Central Bank of Nigeria (CBN).

However, due to some implementation challenges, some concessions were granted to some entities to delay the adoption. Key amongst these challenges was the dearth of required skills by reporting entities and their external auditors. Over time, this knowledge gap has been bridged and more entities have joined the fold of others, who had adopted and prepared their accounts based on this set of Standards. Several efforts had also been made by the CBN to ensure that capacities were built and entities encouraged to do same.

Consequently, all OFIs are by this circular, required from the 2021 financial year, to prepare their annual financial statements (AFS) in accordance and full compliance with IFRS as the Other Financial Institutions Supervision Department of the Central Bank of Nigeria will no longer accept AFS that are not in compliance. The submission of AFS not in compliance with IFRS shall be regarded as non-submission and appropriate penalties imposed thereon.

Finally, OFIs that are just adopting the IFRS Standards for the first time should comply fully with IFRS 1, for first time adopters.

This is for your information and strict compliance.

Nkiru Asiegbu

**Director, Other Financial Institutions Supervision Department
Central Bank of Nigeria**

Classified as Confidential



Tel: 09-46236403
E-mail: bsd@cbn.gov.ng

CENTRAL BANK OF NIGERIA
Banking Supervision Department
Central Business District
P.M.B. 0187
Garki, Abuja.

BSD/DIR/GEN/LAB/13/052

September 01, 2020

LETTER TO ALL BANKS

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In line with recent market developments, the Bank has reviewed the minimum interest payable on savings deposits as provided in its Guide to Charges by Banks, Other Financial and Non-Bank Financial Institutions issued in December 2019.

Consequently, all deposit money banks are hereby informed that effective September 1, 2020 interest on local currency savings deposits shall be negotiable subject to a minimum of 10% per annum of Monetary Policy Rate.

This Letter supersedes that of August 31, 2020 referenced **BSD/DIR/GEN/LAB/13/051** on the same subject.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Bello Hassan', written over a circular stamp.

BELLO HASSAN
DIRECTOR OF BANKING SUPERVISION



OTHER FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT
Tel: 09-46235439
e-mail: ofisd@cbn.gov.ng
Website: www.cbn.gov.ng

CENTRAL BANK OF NIGERIA
Central Business District
Cadastral Zone AO
P.M.B 0187, Garki
Abuja

September 3, 2019

OFI/DIR/CIR/GEN/20/349

LETTER TO ALL DFIs

ESTABLISHMENT AND OPERATION OF SUBSIDIARIES AND SPECIAL PURPOSE VEHICLES

We have noted the spate of requests from Development Finance Institutions (DFIs) for special regulatory approvals to operate special purpose vehicles (SPVs) in furtherance of operational objectives. It is important that DFIs are transparent in their financial reporting and remain focused on their core objectives.

In this regard, DFIs are henceforth required to provide comprehensive disclosures on all subsidiaries and SPV operations. In the same vein, the same regulatory standards that apply to the parent DFI will apply to the subsidiaries and/or SPV.

Specifically, DFIs are required to:

1. Submit returns on all SPVs including details of ownership, corporate governance structure, statements of assets and liabilities, income and expenditures, project(s) status, possible risk exposure and mitigants, along with own regulatory returns.
2. Report on the Financial soundness indicators / prudential ratios of the DFI calculated on a solo and consolidated basis.
3. Present for approval, its Audited accounts along with that of the SPVs on a consolidated basis.
4. Meet a consolidated leverage ratio of at least 10% [Common Equity: Total Assets (On and Off-Balance Sheet inclusive)] at all times.

Finally, DFIs are required to note that:

1. Approval of new SPVs shall depend on the successful performance of earlier approved ones and the meeting of the consolidated prudential ratios, leverage ratio and business objectives at all times.

2. A consolidated risk-based examination of all subsidiaries and/or SPVs will be conducted on a periodic basis.

Please note that failure to comply with these requirements would be viewed as a violation of the provisions of the DFIs' Guidelines, and would be appropriately sanctioned.



TOKUNBO MARTINS (Mrs.)
Director, Other Financial Institutions Supervision Department



CENTRAL BANK OF NIGERIA
Corporate Head Office,
Central Business District,
P.M.B. 0187,
Garki, Abuja - F.C.T.

Website: www.cenbank.org
Email: financialmarkets@cbn.gov.ng
Tel: 09 462 36700, 0946236703

Ref: FMD/DIR/CIR/GEN/09/003

May 31, 2018

TO ALL DEPOSIT MONEY BANKS

PLEDGE OF N1BILLION (ONE BILLION NAIRA) WORTH OF GOVERNMENT/CBN SECURITIES FOR OTC TRADE SETTLEMENT

The Central Bank of Nigeria (CBN) in an effort to enhance efficiency in trading and post-trade activities and build confidence in the financial markets, hereby directs all Deposit Money Banks (DMBs) to pledge collateral of N1billion (one billion naira) worth of Government/CBN securities for OTC trade settlement.

The pledge requirement is mandatory for all DMBs that wish to participate in **OTC Trade Settlement**. Lack of provision of the pledge or failure to top-up a pledge when required will result in exclusion from the market.

This circular takes effect from June 1, 2018.

Please ensure compliance.

A handwritten signature in black ink, appearing to read 'Alvan E. Ikoku'.

Dr. Alvan E. Ikoku
Director, Financial Markets Department



09-46236401

1st July, 2016

Tel.....
 E-mail: fprd@cbn.gov.ng

FPR/DIR/CIR/GEN/06/002

CIRCULAR TO BANKS AND OTHER FINANCIAL INSTITUTIONS

REVIEW OF RESTRICTIONS AND LIMITS ON LEVELS I AND II OF THE TIERED KYC ACCOUNTS

In its circular dated 18th January, 2013 referenced FPR/DIR/CIR/GEN/01/001 on the introduction of three-tiered Know Your Customer (KYC) requirements, the CBN directed financial institutions to adopt the provisions of the three-tiered KYC in addition to the provision of the CBN AML/CFT Regulations, 2009 (as amended).

Following representations made by stakeholders for review of the limits and restrictions on the operations of Tiers I and II accounts, the CBN in furtherance of its efforts to deepen financial inclusion, has reviewed upward the current transaction limits on Tier I and II accounts as shown below:

	TIER I	TIER II
Single Deposit	N50,000	N100,000
Cumulative Balance	N300,000	N500,000
For mobile money, Maximum Single Transaction Limit and Daily Cumulative Transaction Limit	In line with Banking and Payments System Department circular dated 2 nd February, 2015 and referenced BPS/DIR/GEN/CIR/02/003	

Note that the provisions of Regulation 77 of the CBN AML/CFT Regulations, 2013 shall apply in the identification and verification of Tier II customers as stated in item (iii) of our circular referenced FPR/DIR/CIR/GEN/01/001 dated 18th January, 2013.

KEVIN N. AMUGO
 DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT



CENTRAL BANK OF NIGERIA
Corporate Head Office,
Central Business District,
P.M.B. 0187,
Garki, Abuja – F.C.T.

Website: www.cenbank.org
Email: financialmarkets@cbn.gov.ng

FMD/DIR/CIR/GEN/08/009

Date: 23 August, 2017

To: All Non-Interest Financial Institutions Licensed by the Central Bank of Nigeria

INTRODUCTION OF TWO NEW INSTRUMENTS – “FUNDING FOR LIQUIDITY FACILITY” AND “INTRA-DAY FACILITY” FOR NON-INTEREST BANKS

In a bid to aid liquidity management and deepen the financial system, the Central Bank of Nigeria (or the Bank) hereby introduces two new financial instruments, namely, “Funding for Liquidity Facility (FfLF)” and “Intra-day Facility (IDF)” at its window, for access by Non-Interest Financial Institutions (NIFIs) licensed by the Bank. The features of the financial instruments are as detailed below.

a. Funding for Liquidity Facility (FfLF)

Features:

- CBN to provide a liquidity facility on overnight basis only and to be terminated on next business day.
- Authorised Non-Interest Financial Institution (NIFI) to provide eligible securities to the CBN as collateral for the facility.
- The value of collateral to be a minimum of 110 per cent of the value of the facility. For example, if a NIFI wishes to take a FfLF of N10 billion, it would be required to provide eligible security collateral worth N11 billion (that is $N10 * 1.1 = N11$ billion).
- The CBN shall specify acceptable collateral(s) from time to time. These shall include, but not limited to the following securities: CBN Safe Custody Account (CSCA) Deposit, CBN Non-Interest Note (CNIN), CBN Asset-Backed Security (CBN-ABS), Sukuk (that has received liquidity status from the CBN), Warehouse Receipt(s) as provided in the CBN Act 2007, and any other collateral designated by the CBN that does not contravene the CBN guidelines for NIFI's operations.
- The transaction shall be at a zero per cent interest rate.
- The opening hours for FfLF shall be between 2.00pm – 3.30pm, and terminated on commencement of next business day.
- At maturity, the transaction unwinds and the CBN receives back its funding and returns the collateral to the NIFI.
- Failure to provide adequate funding in the account for the un-winding of transaction at maturity, the Bank (CBN) shall rediscount the pledged securities at par and recover the facility amount and return the net value to the NIFI.
- The Market Support Committee (MSC) may approve an administrative charge in relation to the facility as it deems fit (in accordance with Section 4 (l) of the “Guidelines for the Operation of NIFI instruments by the CBN”).
 - The determination of the administrative charge would be based on the cost borne in providing the facility, which includes:
 - ✓ Communication/correspondence cost;

- ✓ Printing/Stationary cost; and,
 - ✓ Any other direct and actual cost(s) that do not contravene the principles of non-interest banking as provided in the CBN guidelines.
- The NIFI must be either in clearing and have a temporary debit balance and / or have a liquidity problem.

b. Intra-day Facility (IDF)

Features:

- CBN to provide an Intra-day Facility (IDF) for settlement same business day.
- Authorized NIFI shall provide eligible securities as collateral for the facility.
- The value of eligible securities shall be a minimum of 110 per cent of the value of the intra-day facility required by the NIFI. For example, if a NIFI wishes to take an IDF of N10 billion, it would be required to provide eligible security collateral worth N11 billion (that is, $N10 * 1.10 = N11$ billion)
- The CBN shall specify acceptable collateral(s) from time to time, which shall include, but not limited to CBN Safe Custody Account (CSCA) Deposit, CBN Non-Interest Note (CNIN), CBN Asset-Backed Security (CBN-ABS), Sukuk (that has received regulatory treatment by the CBN), Warehouse Receipt(s) as provided in the CBN Act 2007, and any other collateral designated by the CBN that does not contravene the CBN guidelines for NIFI's operations.
- The operating hours for the IDF shall be between 9.00 a.m. and 2.30 p.m.
- Repayment of the IDF shall be between the hours of 10.00 a.m. and 3.00 p.m. each business day.
- At termination, the transaction unwinds and the CBN receives back its funding and returns the collateral securities to the NIFI.
- In the event of failure to repay the IDF as and when due, the CBN shall rediscount the pledged securities at par and recover the facility amount and return the net value to the NIFI.
- The Market Support Committee (MSC) may approve an administrative charge in relation to the facility as it deems fit (in accordance with Section 4 (l) of the "Guidelines for the Operation of NIFI instruments by the CBN").
 - The determination of the administrative charge would be based on the cost borne in providing the facility, including but not limited to:
 - ✓ Communication/correspondence cost;
 - ✓ Printing/Stationary cost; and,
 - ✓ Any other direct and actual cost(s) that do not contravene the principles of non-interest banking as provided in the CBN guidelines.

Accordingly, all NIFIs licensed by the Bank are urged to note for appropriate action.



Dr. Alvan Ikoku
Director, Financial Markets Department



09-462-36401

February 13, 2017

BSD/DIR/GEN/LAB/10/009

LETTER TO ALL BANKS

REVIEW OF THE LIMIT ON FOREIGN BORROWING BY BANKS

The recent depreciation in the value of the currency has led to an increase in the Naira equivalent of foreign currency denominated borrowings by banks. A major consequence of this development was the inadvertent breach of the regulatory limit for foreign currency borrowings (75% of shareholders' funds unimpaired by losses) by some banks. To address this development, banks are advised to be guided by the following requirements regarding their foreign currency exposures:

1. The aggregate foreign currency borrowing of a bank excluding inter-group and inter-bank (Nigerian banks) borrowing should not exceed 125% of shareholders' funds unimpaired by losses.
2. The Net Open Position (Long or short) of the overall foreign currency assets and liabilities taking into cognizance both on and off-balance sheet items should not exceed 10% of shareholders' funds unimpaired by losses using the Gross Aggregate Method.

In addition, banks are required to institute the following risk mitigation strategies, among others, around their foreign currency borrowings:

- All borrowings should be hedged using financial market tools acceptable to the CBN;
- Borrowings must be subordinated debts with prepayments allowable only at the instance of the bank and subject to the prior approval of the CBN; and
- All debts, with the exception of trade lines, should have a minimum fixed tenor of 5 years.

Banks are also directed to report their utilisation of all FCY borrowings to the CBN on a monthly basis.

Please note that these Guidelines take immediate effect.

Thank you.

AHMAD ABDULLAHI
DIRECTOR, BANKING SUPERVISION DEPARTMENT



09 462 36403

09 462 36418

October 14, 2009

BSD/DIR/IGEN/CIR/01/023

CIRCULAR TO ALL BANKS

RE: PUBLICATION OF INTEREST RATES

We refer to our circular number BSD/DIR/GEN/CIR/02/019 dated January 29, 2009 on the above subject in which banks were required to submit to the Central Bank of Nigeria their annualized deposit and lending rates and all charges on monthly basis.

We have observed with concern that most banks have ceased to comply with the circular and have completely stopped to render the required returns.

This is to remind all banks that the circular on the publication of deposit rates, lending rates and charges is still in force and that the continuing failure by any bank to submit the required return will henceforth be met with severe regulatory sanctions including barring such banks from accessing the CBN official foreign exchange window.

Consequently, you are hereby directed to submit all the monthly returns not yet forwarded, including September 2009 immediately to the designated email address: BSDReturns@cenbank.org and also forward the hard copies thereafter.

Please, be guided accordingly.

SAMUEL A.ONI
DIRECTOR OF BANKING SUPERVISION

09-46236403
09-4623618



BSD/DIR/GEN/CIR/04/015

April 30, 2010

CIRCULAR TO ALL BANKS

THE NEED FOR BANKS TO DEVELOP AND IMPLEMENT A RISK-BASED PRICING MODEL

The Monetary Policy Committee, at its special meeting of April 15, 2010, reviewed developments in the economy during the first quarter of 2010 and noted with concern the persisting high lending rates. It attributed the resultant wide spread between lending and deposit rates to inefficiency in cost management and unrealistic profit expectations and targets on the part of the shareholders of banks.

The Committee believes that promoting transparency in the pricing and setting of rates by Deposit Money Banks (DMBs) could help to drive down lending rates. In this regard, DMBs are required to develop all inclusive risk-based interest rate pricing models and forward same to the CBN. DMBs are expected to quote lending rates as fixed spread over the Monetary Policy Rate (MPR) or any reference rate as may be determined by the CBN. They are required to render monthly returns on, and regularly publish (on a website, newspapers, and other periodic reports), a statement showing the relationship between the MPR and their prime and maximum lending rates.

The articulation of the pricing model in this mode and its disclosure to the general public is intended to serve two purposes. First, by providing visibility on relative efficiency of financial institutions, banks will be encouraged to seek profitability by driving down costs and charging competitive rates rather than charging excessive rates of interest. Second, by explicitly stating prime and maximum lending rates as a fixed spread over MPR, the policy rate becomes an effective tool for driving lending rates up or down as policy stance dictates. Banks are advised to be guided by the following parameters, in addition to the risk premium, in determining their prime lending rates. Each of the cost element or component as described below should be separately computed and disclosed as part of the information to be made public.

1. Direct cost of fund

Direct interest cost of funds should be interest expense related to the monthly average volume of deposits and other funds reported to the CBN on a monthly basis.

2. Indirect cost/overhead

All indirect cost/overhead incurred by the bank should be included in the determination of the prime lending rate. The overheads to be separately disclosed include staff cost, bonuses, executive compensation, loan loss provision, administrative cost, etc. Overhead cost for the month should be expressed as a percentage of the average volume of funds and annualized.

3. Statutory cost

Statutory cost to be included in the computation of the prime lending rate should include the following:

a. NDIC Premium.

The amount payable as deposit insurance premium in each month should be expressed as percentage of the average volume of deposits for the month and annualized.

b. Cash Reserve Requirement (CRR).

Banks are expected to adjust the prime lending rate by taking into account the opportunity cost of deposits that were sterilized as CRR.

4. Opportunity Cost of holding liquid assets in excess of the minimum requirement

Without prejudice to the maintenance of strong liquidity position, banks are encouraged to balance the desire for liquidity and profitability. The opportunity cost here will take into account the bank's average yield on earning assets other than liquid assets vis a vis the average yield on liquid assets.

5. Cost of holding non-earning assets

This is the cost of holding assets that do not generate any income. Banks are advised to reduce their holding of non earning assets to the minimum.

6. Target return on equity

The rate of return expected by the shareholders of banks should also be factored in the computation of the prime lending rate of banks. The expectation however, should be guided by economic fundamentals and long term sustainability of the institutions.

FLAT FEES

To ensure standardization of charges across the industry and align Nigerian banking practice to international standards, the Bankers Committee issued the Guide to Bank Charges in 2004. Banks were required to ensure compliance with the provisions of the Guide, however, in recent times, the CBN has observed the proliferation of flat lending fees charged by banks in violation of the Guide, which has led to many complaints by members of the public. To arrest this situation, banks are henceforth required to note that aggregate flat lending fees shall not be more than 200 basis points of the facility amount. The details of all fees shall be communicated to and agreed with the borrower and disclosed by the bank.

The returns as highlighted above shall, with effect from April 2010, be rendered on the 5th day following the reporting month. In addition, soft copies should be sent to the following email addresses, while hard copies forwarded to the Director, Banking Supervision Department.

1. uabdulqadir@cenbank.org
2. oogbe@cenbank.org

SAMUEL A. ONI
DIRECTOR OF BANKING SUPERVISION



Central Bank of Nigeria

Payments System Management Department

Plot 33, Abubakar Tafawa Balewa Way
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P.M.B 0187, Garki, Abuja- Nigeria.
Email: psmd@cbn.gov.ng
Website: www.cbn.gov.ng
phone: +234 700-225-5226, +234 800-225-5226

PSM/DIR/PUB/CIR/001/053

December 01, 2023

CIRCULAR TO ALL COMMERCIAL, MERCHANT, NON-INTEREST AND PAYMENT SERVICE BANKS; OTHER FINANCIAL INSTITUTIONS, AND MOBILE MONEY OPERATORS.

- A. TIER-1 WALLETS AND ACCOUNTS: MANDATORY USE OF BANK VERIFICATION NUMBER (BVN) OR NATIONAL IDENTIFICATION NUMBER (NIN),**
 - B. GUIDANCE NOTE: ENROLMENT OF NEW CUSTOMER ACCOUNTS/WALLETS WITH VALIDATED BVN/NIN, AND**
 - C. PROFILING OF ALL CUSTOMERS' ACCOUNTS/WALLETS IN NIBSS' INDUSTRY CUSTOMER ACCOUNT DATABASE (ICAD)**
-

As part of its effort in promoting financial system stability, it becomes necessary to strengthen the Know Your Customer (KYC) procedures in financial institutions under the purview of the Central Bank of Nigeria (CBN). Accordingly, the CBN hereby issues an amendment to Section 1.5.3 of the Regulatory Framework for Bank Verification Number (BVN) Operations and Watch-List for the Nigerian Banking Industry (The Guidelines).

In this regard:

1. it is mandatory for **ALL Tier-1** bank accounts and wallets for individuals to have BVN and/or NIN
2. it remains mandatory for Tiers 2 & 3 accounts and wallets for Individual accounts to have BVN and NIN;
3. the process for account opening shall commence by electronically retrieving BVN or NIN related information from the NIBSS' BVN or NIMC's NIN databases and for same to become the primary information for onboarding of new customers, and
4. all existing customer accounts/wallets for individuals with validated BVN shall be profiled in the NIBSS' ICAD immediately and within 24hrs of opening accounts/wallets.



Consequently, implementation shall be as follows:

- a. Effective immediately, no new Tier1 accounts and wallets should be opened without BVN or NIN,
- b. For **ALL** existing Tier1 accounts/wallets without BVN or NIN:
 - i. Effective immediately, any **unfunded** account/wallet shall be placed on "Post No Debit or Credit" until the new process is satisfied.
 - ii. **Effective March 1, 2024, all funded** accounts or wallets shall be placed on "Post No Debit or Credit" and no further transactions permitted.
- c. The BVN or NIN attached to and/or associated with **ALL** accounts/wallets must be electronically revalidated by **January 31, 2024**.

To ensure uniform and full compliance, the Executive Compliance Officers, Chief Compliance Officers or Heads of the Compliance Functions are advised to acquaint themselves with the attached Guidance Notes which becomes applicable to **ALL** institutions regulated by the CBN.

Also, a comprehensive BVN and NIN audit shall be conducted shortly and where breaches are identified, appropriate sanctions shall be applied.

Finally, all financial institutions regulated by CBN are required to apply strict compliance on restrictions on Tier1 accounts/wallets as they relate to limits on transaction values and cumulative balances.

Please be guided accordingly.


CHIBUZO A. EFOFI
DIRECTOR, PAYMENTS SYSTEM
MANAGEMENT DEPARTMENT


HARUNA B. MUSTAFA
DIRECTOR, FINANCIAL POLICY
AND REGULATION DEPARTMENT



Guidance Notes on Implementation of Amendments to Section 1.5.3 of Regulatory Framework for Bank Verification Number (BVN) Operations and Watch-List for the Nigerian Banking Industry, relevant sections of the Tiered KYC Policy and Uniform Account Opening Forms & Minimum Information Requirements for Three-Tier KYC

1. **Existing Customers (Individuals)**
Ensure all operated accounts/wallets, including accounts/wallets created through Agents, are fully profiled in the NIBSS ICAD and tagged with valid and correct BVN and/or NIN
 2. **New Customers (Individuals)**
 - a. Enrolment of new customers by manually creating a customer profile and subsequently attaching a BVN or NIN is hereby strictly prohibited.
 - b. Where a BVN or NIN exists for a new customer, the regulated financial institution shall:
 - i. use same to electronically check the BVN database at NIBSS' portal and NIN at NIMC portal
 - ii. electronically retrieve and retain the underlying details (Names, DoB, Gender, Phone No, etc) as the authentic customer's details, and
 - iii. where authentication is successful, other procedures and customer information required to complete the onboarding process can continue.
 - c. Where a potential customer does not have a BVN or NIN, the regulated financial institution may wish to:
 - i. For BVN - commence the process of enrolling the individual onto the BVN database and be guided by the extant protocols issued by NIBSS,
 - ii. For NIN – advise the customer to visit the nearest NIN enrolment centre,
 - iii. upon receipt of the BVN or NIN, follow the process described in 2 (b) above to complete the onboarding process.
- NOTE:** The use of any 'placeholder BVN or NIN' to support the creation of any customer profile is strictly prohibited and shall be sanctioned accordingly.
3. Additionally, regulated financial institutions are required to profile ALL their customers' accounts/wallets on NIBSS' ICAD, tag them with their unique identifiers within 24hrs of generating and assigning an account number to a customer (new or existing).
 4. Other requirements of the Guidelines and related regulations remain valid and applicable.

ANNEXURE V: RELEASE OF THE GUIDELINES FOR THE OPERATION OF NON-INTEREST FINANCIAL INSTRUMENTS BY THE CENTRAL BANK OF NIGERIA



CENTRAL BANK OF NIGERIA
Corporate Head Office,
Central Business District,
P.M.B. 0187,
Garki, Abuja – F.C.T.

Website: www.cbn.org.ng
Email: info@cbn.org.ng

Monday, December 10, 2012

**TO: ALL LICENSED NON-INTEREST FINANCIAL INSTITUTIONS AND
DEPOSIT MONEY BANKS WITH NON-INTEREST BANKING WINDOW**

**GUIDELINES FOR THE OPERATION OF NON-INTEREST FINANCIAL
INSTRUMENTS BY THE CENTRAL BANK OF NIGERIA**

Following the take-off of operations by Non-Interest Financial Institutions (NIFIs) and Non-Interest Banking Window (NIBW) by deposit money banks (DMBs), the Central Bank of Nigeria (CBN) has introduced applicable instruments to facilitate their liquidity management and access to the CBN window.

To give effect to this development, Guidelines for the Operation of the Instruments have been formulated and hereby released for the information of and compliance by all licensed NIFIs and DMBs with NIBWs.

Thank you.

A handwritten signature in black ink, appearing to read 'E. U. UKEJE', is written over a dotted line.

E. U. UKEJE
Director, Financial Markets Department

Guidelines for the Operation of Non-Interest Financial Institutions Instruments by the Central Bank of Nigeria

1. Introduction

The licensing of Non-Interest Financial Institutions (NIFIs) by the Central Bank of Nigeria (the Bank) to complement the existing conventional banking system has, no doubt, expanded the scope and diversity of banking services in the Nigerian financial system. The aim of this development is to attend to the growing need for innovative financial services, enhancement of financial inclusion and acceleration of economic activities, growth and development. Towards realizing the full potentials of the NIFIs and non-interest bearing financial operations, the Bank has developed a number of non-interest bearing instruments to be accessed at its (CBN) window by the NIFIs in order to facilitate liquidity management and assist in effective monetary policy implementation.

Details of modalities for the application of these instruments are as outlined here below.

2. General Requirements and Terms of Operations

The following general requirements and terms of operations of the non-interest bearing instruments shall apply, in addition to the specific provisions or features of each instrument as specified therein or as may be reviewed by the Bank from time to time. Participants are, therefore, required to note the provisions in the individual instruments alongside these general requirements.

i) Participation and Eligibility

Only licensed non-interest banks (NIBs), deposit money banks with non-interest banking window and any other authorised dealer as may be approved by the CBN shall be eligible to participate in the window. Participation shall be voluntary.

ii) Request for Admission

Interested participant(s) in the non-interest bearing instruments shall apply for admission into the window. The application shall be addressed to:

*The Director, Financial Markets Department,
Central Bank of Nigeria,
Corporate Headquarters,
Central Business District,
PMB 0187,
Garki, Abuja, Federal Capital Territory*

iii) Submission of Mandate

- a) Two (2) representatives of the authorized institution shall be required to initiate and consummate transactions on behalf of the institution.
- b) The institutions shall provide the details of their representatives who have been authorized to initiate and conduct business in the instruments on their behalf. These shall include passport photograph, name, position held in the institution, specimen signature, contact telephone number and any other information that may be required from time to time by the Bank.

iv) Mode of Submission of Transaction Deals

The submission of transaction shall be in the format as prescribed by the Bank.

v) Operational Account

The operational account for participants in the non-interest bearing instruments shall be the account authorised by the Bank.

This account shall be used for the purposes of settlements.

vi) Limit of Authority

The authorized representatives of the participating institution shall have authority to initiate transactions and their actions shall be deemed as having been authorised by their Management.

vii) Charges or Fees

The Bank shall not apply any charges in the operation of these instruments, except in certain circumstances as may be determined by the Bank from time to time.

viii) Announcement

The Bank, in the course of operation of the instruments shall make appropriate announcement(s) to participating institutions through any media, which shall include, but not limited to Reuters Information System, Bloomberg, facsimile, telephone, electronic mail and circular.

ix) Exemption

The Bank shall not be responsible for, among other things, technical or any other failures that may prevent a participating institution from receiving an announcement, participating in an operation, errors or omissions arising from mandate on transaction deals, except for its own delays and/or errors or omissions.

x) Alteration in Conduct and Procedure

The Bank shall reserve the right to amend any of the provisions contained here-in in order to achieve monetary policy objectives and for the sustenance of financial stability.

xi) Suspension and Disqualification from Participation

The Bank shall reserve the discretion to suspend or disqualify any participant in the non-interest banking window when in its (the Bank's) opinion it is desirable to do so with or without any explanation.

In like manner, the Bank may re-admit a suspended or disqualified participant when in its (the Bank's) opinion it is desirable to do so with or without any explanation, and may specify certain conditions for compliance before such re-admission.

3. CBN Non-Interest Banking Window

The Non-Interest Banking Window (NIBW) at the Central Bank of Nigeria shall, in the meantime, offer the following non-interest bearing instruments and their features are stated here below.

i) CBN Safe-Custody Account (CSCA)

This instrument is based on a contract of safe-custody of funds (*Wadiah*) between a depositing financial institution and the CBN, with the CBN as the custodian.

Features

The features are as follows:

- a) The CSCA allows participating institutions to place their surplus funds with the Bank based on the concept of safe-custody (*Wadiah*) only.
- b) Participating institutions shall be allowed to place their funds during the working day between the hour of 3.00 pm and 3.30 pm.
- c) The tenor for the placement of surplus funds shall be on overnight, three-day and seven-day basis, subject to a roll-over on maturity for the same term, either by the participating institution or the Bank.
- d) Roll-over of the funds placed shall be deemed as mandated by the participating institution after 2.59p.m on the day of maturity, thereby, necessitating the Bank to effect the roll-over on the term initially undertaken by the participating institution.
- e) The acceptor of funds, that is, the CBN, shall act as the custodian for the funds placed or deposited by the participating institution.
- f) The Bank (or the acceptor) shall have no obligation to make or offer any return, reward or gift (*Hibah*) to the account or funds placed or deposited by the participating institution, nor shall participating institutions demand or expect any return, reward or gift on the funds placed or deposited.
- g) Where, the Bank decides to give a return, reward or gift for the funds placed or deposited by the participating institution, the Bank shall be free to exercise the discretion to do so, and on its (the Bank's) own terms.
- h) The determination of any return, reward or gift for any account or funds placed or deposited by any participating institution may include, but not limited to, an assessment of any or a combination of the following factors:
 - i) The prevailing monetary policy stance;
 - ii) The prevailing liquidity conditions in the banking system;

- iii) Market Support Committee (MSC) decisions and advisory;
- iv) The size of the funds or deposit(s),
- v) The prevailing conventional banking conditions, such as the money market indicators, and,
- vi) The alternative investment options.
- i) The giving of a return, reward or gift shall not be a stipulated condition for the contract nor shall it be a standardized custom.
- j) The giving of return, reward or gift, and, the amount will be decided by the Committee of Governors (COG) on recommendation from the Director, Financial Markets Department or his representative.

ii) CBN Non-Interest Note (CNIN)

This is a financial paper issued by the CBN evidencing an interest-free loan instrument between an authorised financial institution (lender) and the CBN (borrower), which entitles the authorised non-interest financial institution to raise a corresponding interest free loan from the CBN.

Features

The features are as follows:

- a) An investment in the CNIN shall evidence an interest-free loan received from an authorised financial institution, and entitles the authorised financial institution to an interest-free loan from the CBN after the maturity of the first loan.
- b) The CBN shall determine the amount (**A**) and tenor (**N**) of the first loan, and announce details of its offer to borrow to participating financial institutions.
- c) If the authorised financial institution gets a Note of value **A** and tenor **N**, it will be entitled after maturity at a period **t** to qualify for a loan of an amount **A x C** for a period **N x 1/C**, where **C** is a factor that can assume the value of 2, if the amount required is double the amount of the first loan (i.e. **2 x A**) and the period **N** will be half of the period of the first loan (i.e. **N/2**).
- d) The determination of the value of **A** and **N** shall be based on the liquidity conditions of the economy, while **t** shall not be more than 12 months.
- e) The exercise of the right to the interest-free loan from the CBN shall be limited to holders of this Note that have liquidity needs.
- f) The Note is not discountable, but transferrable at par.
- g) The minimum amount of this Note shall be N1, 000,000 with different tenors of 30, 60, 91 and 180 days.

- h) These features are without prejudice to other terms and conditions as the Bank is permitted to present on the law.

iii) CBN Non-Interest Asset Backed Securities (CNI-ABS):

This instrument involves the securitisation of CBN's holdings in International Islamic Liquidity Management (IILM) Sukuk and / or Sukuk by multilateral organisations in which Nigeria is a member.

Features

The features are as follows:

- a) This instrument shall serve to deepen the money market and serve as an investment instrument.
- b) The securities shall be denominated in naira.
- c) The securitised assets shall be dollar- or other reserve currency-denominated or as may be approved by the Management of the Bank.
- d) The tenor of the CNI-ABS will be based on the tenor of the underlying assets.
- e) The return will be based on the net returns on the underlying assets and a 10 per cent margin for the CBN.
- f) The instrument shall be tradable in the money market.
- g) The minimum investment for this instrument shall be N50, 000 and integral multiples of N1,000 in excess thereof, and subject to periodic review by the Bank from time to time.
- h) The underlying assets shall be short to medium term to avoid tenor mismatches and must also be tradable in the secondary market.

4. Governance Structure

I. Market Support Committee

There shall be a Market Support Committee (MSC) in the Financial Markets Department (FMD) to act as an advisory body for the management of non-interest bearing instruments.

The membership of the Market Support Committee shall comprise the Director Financial Markets Department as the Chair, Head of all the Offices in the Financial Markets Department and representatives of Financial Policy and Regulation (FPR), Banking Supervision Department (BSD), Consumer Protection Department (CPD), Banking and Payment System (BPS), Reserve Management Department (RED), Monetary

Policy Department (MPD), Risk Management Department (RMD) and Legal Services Department (LSD).

The MSC shall meet quarterly or as directed by the Chairman.

II. NIFI Product Development Committee

There shall be a NIFI Product Development Committee (NIFI-PDC) in the Financial Markets Department that will be responsible for the consideration, initiation and review of non-interest bearing instruments and structures for the orderly development and integration of the market segment into the mainstream financial architecture. The NIFI-PDC shall be chaired by the Director, Financial Markets Department and members drawn from the FPR, BSD, CFP, BPS, GOV, RED, MPD, DFD, RMD and LSD. The NIFI-PDC shall meet monthly or as directed by the Chairman.

Structured Liquidity Product Office (SLPO) shall serve as the Secretariat for these Committees.

***Financial Markets Department
Central Bank of Nigeria, Abuja
Monday, 10th December, 2012***

ANNEXURE V: INTRODUCTION OF TWO NEW INSTRUMENTS- FUNDING FOR LIQUIDITY FACILITY AND INTRA-DAY FACILITY FOR NON-INTEREST BANKS



CENTRAL BANK OF NIGERIA
Corporate Head Office,
Central Business District,
P.M.B. 0187,
Garki, Abuja – F.C.T.

Website: www.cenbank.org
Email: financialmarkets@cbn.gov.ng

FMD/DIR/CIR/GEN/08/009

Date: 23 August, 2017

To: All Non-Interest Financial Institutions Licensed by the Central Bank of Nigeria

INTRODUCTION OF TWO NEW INSTRUMENTS – “FUNDING FOR LIQUIDITY FACILITY” AND “INTRA-DAY FACILITY” FOR NON-INTEREST BANKS

In a bid to aid liquidity management and deepen the financial system, the Central Bank of Nigeria (or the Bank) hereby introduces two new financial instruments, namely, “Funding for Liquidity Facility (FfLF)” and “Intra-day Facility (IDF)” at its window, for access by Non-Interest Financial Institutions (NIFIs) licensed by the Bank. The features of the financial instruments are as detailed below.

a. Funding for Liquidity Facility (FfLF)

Features:

- CBN to provide a liquidity facility on overnight basis only and to be terminated on next business day.
- Authorised Non-Interest Financial Institution (NIFI) to provide eligible securities to the CBN as collateral for the facility.
- The value of collateral to be a minimum of 110 per cent of the value of the facility. For example, if a NIFI wishes to take a FfLF of N10 billion, it would be required to provide eligible security collateral worth N11 billion (that is $N10 \times 1.1 = N11$ billion).
- The CBN shall specify acceptable collateral(s) from time to time. These shall include, but not limited to the following securities: CBN Safe Custody Account (CSCA) Deposit, CBN Non-Interest Note (CNIN), CBN Asset-Backed Security (CBN-ABS), Sukuk (that has received liquidity status from the CBN), Warehouse Receipt(s) as provided in the CBN Act 2007, and any other collateral designated by the CBN that does not contravene the CBN guidelines for NIFI's operations.
- The transaction shall be at a zero per cent interest rate.
- The opening hours for FfLF shall be between 2.00pm – 3.30pm, and terminated on commencement of next business day.
- At maturity, the transaction unwinds and the CBN receives back its funding and returns the collateral to the NIFI.
- Failure to provide adequate funding in the account for the un-winding of transaction at maturity, the Bank (CBN) shall rediscount the pledged securities at par and recover the facility amount and return the net value to the NIFI.
- The Market Support Committee (MSC) may approve an administrative charge in relation to the facility as it deems fit (in accordance with Section 4 (l) of the “Guidelines for the Operation of NIFI instruments by the CBN”).
 - The determination of the administrative charge would be based on the cost borne in providing the facility, which includes:
 - ✓ Communication/correspondence cost;

- ✓ Printing/Stationary cost; and,
- ✓ Any other direct and actual cost(s) that do not contravene the principles of non-interest banking as provided in the CBN guidelines.
- The NIFI must be either in clearing and have a temporary debit balance and / or have a liquidity problem.

b. Intra-day Facility (IDF)

Features:

- CBN to provide an Intra-day Facility (IDF) for settlement same business day.
- Authorized NIFI shall provide eligible securities as collateral for the facility.
- The value of eligible securities shall be a minimum of 110 per cent of the value of the intra-day facility required by the NIFI. For example, if a NIFI wishes to take an IDF of N10 billion, it would be required to provide eligible security collateral worth N11 billion (that is, $N10 * 1.10 = N11$ billion)
- The CBN shall specify acceptable collateral(s) from time to time, which shall include, but not limited to CBN Safe Custody Account (CSCA) Deposit, CBN Non-Interest Note (CNIN), CBN Asset-Backed Security (CBN-ABS), Sukuk (that has received regulatory treatment by the CBN), Warehouse Receipt(s) as provided in the CBN Act 2007, and any other collateral designated by the CBN that does not contravene the CBN guidelines for NIFI's operations.
- The operating hours for the IDF shall be between 9.00 a.m. and 2.30 p.m.
- Repayment of the IDF shall be between the hours of 10.00 a.m. and 3.00 p.m. each business day.
- At termination, the transaction unwinds and the CBN receives back its funding and returns the collateral securities to the NIFI.
- In the event of failure to repay the IDF as and when due, the CBN shall rediscount the pledged securities at par and recover the facility amount and return the net value to the NIFI.
- The Market Support Committee (MSC) may approve an administrative charge in relation to the facility as it deems fit (in accordance with Section 4 (l) of the "Guidelines for the Operation of NIFI instruments by the CBN").
 - The determination of the administrative charge would be based on the cost borne in providing the facility, including but not limited to:
 - ✓ Communication/correspondence cost;
 - ✓ Printing/Stationary cost; and,
 - ✓ Any other direct and actual cost(s) that do not contravene the principles of non-interest banking as provided in the CBN guidelines.

Accordingly, all NIFIs licensed by the Bank are urged to note for appropriate action.



Dr. Alvan Ikoku
Director, Financial Markets Department

ANNEXURE VI: RE: GUIDELINES ON ACCESSING THE CBN STANDING DEPOSIT FACILITY



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FMD/DIR/CON/OGC/12/019

July 10, 2019

CIRCULAR TO ALL BANKS

RE: GUIDELINES ON ACCESSING THE CBN STANDING DEPOSIT FACILITY

With reference to the Circular to all Banks and Discounts Houses, Re: Guidelines on Accessing the CBN Standing Deposit Facility,

Ref: FMD/DIR/GEN/CIR/05/020 and dated November 6, 2014, after further review:

1. The remunerable daily placements by banks at the SDF shall not exceed N2billion
2. The SDF deposit of N2 billion shall be remunerated at the interest rate prescribed by the Monetary Policy Committee from time to time
3. Any deposit by a bank in excess of N2 billion shall not be remunerated.

The provisions of this circular take effect from Thursday, July 11, 2019.

Thank you.

A handwritten signature in black ink, appearing to read 'Angela Sere-Ejembi'.

Angela Sere-Ejembi (Ph.D)
Director, Financial Markets Department



Tel: 09-462-35439
E-mail: ofid@cenbank.org

CENTRAL BANK OF NIGERIA
Other Financial Institutions Supervision Department
33, Tafawa Balewa Way,
Central Business District
P. M. B. 0187
Garki, Abuja.

10th September, 2019

Our Ref: OFI/DIR/DOC/GEN/20/365

RE: LETTER TO ALL OTHER FINANCIAL INSTITUTIONS (OFIs) ON-RENDITION OF RETURNS ON ANTI-MONEY LAUNDERING AND COMBATTING THE FINANCING OF TERRORISM (AML/CFT)

Further to our circular ref: **OFISD/DIR/CIR/GEN/17/128 dated 2nd May, 2017** on the above subject (copy attached), we have observed with concern that many OFIs have not been rendering returns on Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT) as required. This is contrary to the relevant provisions of the Money Laundering (Prohibition) Act (MLPA) 2011 (as amended) and CBN AML/CFT Regulations 2013.

As indicated in the circular, all OFIs are required to render the following returns regularly in the prescribed format:

S/N	Type of Return	Rendered To	Time/Frequency
1	Currency Transaction Reports (CTRs)	NFIU	Within 7 days
2	Suspicious Transaction Reports (STRs)	NFIU	Within 24 Hours
3	Foreign Currency Transaction Reports (FTRs)	CBN	Within 24 Hours
4	Risk Assessment Report	CBN	Monthly
5	Politically Exposed Persons (PEPs)	CBN and NFIU	Monthly
6	Employee Education and Training Program	CBN and NFIU	Annually
7	Compliance with Employee	CBN and NFIU	Quarterly

	Training Program		
8	Monitoring of Employee Conduct	CBN	Semi-annually
9	Three Tiered KYC	CBN and NFIU	Quarterly
10	Testing for the Adequacy of AML/CFT Compliance	CBN and NFIU	Annually

In view of the foregoing, all defaulting OFIs are hereby strongly warned to render the returns without delay to avoid regulatory sanctions. The returns should be submitted electronically using the attached templates in EXCEL format to the e-mail addresses indicated in the circular.

For returns to the CBN, you are advised to submit through your corporate e-mail as the CBN has restricted all web-based e-mails such as YAHOO or GMAIL from its domain. Alternatively, you may liaise with your umbrella associations for assistance to submit the returns. Equally, OFIs are advised to contact NFIU for guidance on the submission of returns to its platform.

Please note that failure to comply with the above directive will attract decisive sanctions in line with the CBN Administrative Sanctions Regulations 2018 which can be accessed from the CBN website at: www.cbn.gov.ng.

For enquiries, please contact:

1. Oluwafemi M. Ige (08069663317 or omige@cbn.gov.ng)
2. Yunusa Ibrahim (08037860504 or iyunusa@cbn.gov.ng)
3. Mustapha S. Ibrahim (08039162866 or msibrahim@cbn.gov.ng)



Tokunbo Martins (Mrs.)
Director, Other Financial Institutions Supervision Department

ANNEXURE VII: GUIDE TO CHARGES BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN NIGERIA: REMOVAL OF INTEREST RATE AND CAP



Tel: 09-46237401
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CENTRAL BANK OF NIGERIA
Financial Policy and Regulation Department
Central Business District
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Garki, Abuja.

OFI/DIR/GEN/CIR/07/033

September 5, 2019

Circular to all Other Financial Institutions and Mortgage Sector Stakeholders in Nigeria

GUIDE TO CHARGES BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN NIGERIA (MAY 2017- REMOVAL OF INTEREST RATE AND CAP IN RESPECT OF PART 2 Section.2.1.3.)

The CBN in 2017, issued the Guide to Charges by Banks and Other Financial Institutions in Nigeria, to moderate charges on various products and services offered by banks and Other Financial Institutions (OFIs) in Nigeria.

Our attention has been drawn to some implementation challenges in respect of part 2 Section 2.1.3 (Mortgage Finance) in respect of the maximum cap of MPR + 5% placed on mortgage finance rates.

The CBN after due consideration of the concerns of stakeholders, hereby amend Part 2 (A & B): interest Rate and Lending Fees Subsection 2.1.3 Mortgage Finance to read "**NEGOTIABLE**". Please note that "subject to a maximum of MPR + 5%" is no longer applicable.

This new provision takes effect from September 9, 2019.

Please be guided accordingly.

A handwritten signature in blue ink, appearing to read 'Kevin N. Amugo'.

KEVIN N. AMUGO
DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT

ANNEXURE VIII: CIRCULARS



CENTRAL BANK OF NIGERIA

Corporate Head Office,
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Email: financialmarkets@cbn.gov.ng
Tel: 09 462 36700, 09 462 36703

FMD/DIR/CON/OGC/12/019

July 10, 2019

CIRCULAR TO ALL BANKS

RE: GUIDELINES ON ACCESSING THE CBN STANDING DEPOSIT FACILITY

With reference to the Circular to all Banks and Discounts Houses, Re: Guidelines on Accessing the CBN Standing Deposit Facility,

Ref: FMD/DIR/GEN/CIR/05/020 and dated November 6, 2014, after further review:

1. The remunerable daily placements by banks at the SDF shall not exceed N2billion
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3. Any deposit by a bank in excess of N2 billion shall not be remunerated.

The provisions of this circular take effect from Thursday, July 11, 2019.

Thank you.

A handwritten signature in black ink, appearing to read 'Angela Sere-Ejembi'.

Angela Sere-Ejembi (Ph.D)
Director, Financial Markets Department



Tel: 09-46237401
E-mail: fprd@cbn.gov.ng

CENTRAL BANK OF NIGERIA

Financial Policy and Regulation Department
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OFI/DIR/GEN/CIR/07/033

September 5, 2019

Circular to all Other Financial Institutions and Mortgage Sector Stakeholders in Nigeria

GUIDE TO CHARGES BY BANKS AND OTHER FINANCIAL INSTITUTIONS IN NIGERIA (MAY 2017- REMOVAL OF INTEREST RATE AND CAP IN RESPECT OF PART 2 Section.2.1.3.)

The CBN in 2017, issued the Guide to Charges by Banks and Other Financial Institutions in Nigeria, to moderate charges on various products and services offered by banks and Other Financial Institutions (OFIs) in Nigeria.

Our attention has been drawn to some implementation challenges in respect of part 2 Section 2.1.3 (Mortgage Finance) in respect of the maximum cap of MPR + 5% placed on mortgage finance rates.

The CBN after due consideration of the concerns of stakeholders, hereby amend Part 2 (A & B): interest Rate and Lending Fees Subsection 2.1.3 Mortgage Finance to read "**NEGOTIABLE**". Please note that "subject to a maximum of MPR + 5%" is no longer applicable.

This new provision takes effect from September 9, 2019.

Please be guided accordingly.

A handwritten signature in blue ink, appearing to read 'Kevin N. Amugo', written over a horizontal line.

KEVIN N. AMUGO
DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT



CENTRAL BANK OF NIGERIA

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FPRD/DIR/GEN/CIR/07/024

March 7, 2019

CIRCULAR TO ALL MICROFINANCE BANKS

RE: REVIEW OF MINIMUM CAPITAL REQUIREMENT FOR MICROFINANCE BANKS IN NIGERIA

Further to our circular dated October 22, 2018 on the above subject, the CBN has revised the categories of microfinance banks with a view to ensuring continued operations of microfinance banks in the rural, unbanked and underbanked areas of the economy. Accordingly, Unit Microfinance Banks shall comprise two Tiers: Tier 1 Unit Microfinance Bank, which shall operate in the urban and high-density banked areas of the society; and Tier 2 Unit Microfinance Bank, which shall operate only in the rural, unbanked or underbanked areas.

Following from the above, the minimum capital requirement for the categories of microfinance banks have also been revised as follows:

- 1) Tier 1 Unit Microfinance Bank ₦200,000,000 (Two Hundred Million Naira)
- 2) Tier 2 Unit Microfinance Bank ₦50,000,000 (Fifty Million Naira)
- 3) State Microfinance Bank ₦1,000,000,000 (One Billion Naira)
- 4) National Microfinance Bank ₦5,000,000,000 (Five Billion Naira)

To aid the process of recapitalization, all microfinance banks shall be required to comply with the following:

- (i) Tier 1 Unit Microfinance Banks shall meet a ₦100 million capital threshold by April 2020 and ₦200 million by April 2021;
- (ii) Tier 2 Unit Microfinance Banks shall meet a ₦35 million capital threshold by April 2020 and ₦50 million by April 2021;

ANNEXURE XIV - ACCESS TO ALL CIRCULARS AND REGULATIONS REFERRED TO IN THE GUIDELINES.

[https://www.cbn.gov.ng/out/2014/ofisd/pmbms%20maintenance%20of%20cash%20reserve%20requirement%20\(crr\).pdf](https://www.cbn.gov.ng/out/2014/ofisd/pmbms%20maintenance%20of%20cash%20reserve%20requirement%20(crr).pdf)

<https://www.cbn.gov.ng/Out/2015/FPRD/BDC-BVN%20Circular.PDF>

<https://www.cbn.gov.ng/Out/2015/FPRD/Circular%20on%206%20year%20time%20bar%20for%20customer%20complaints.pdf>

<https://www.cbn.gov.ng/Out/2021/OFISD/Adoption%20of%20IFRS%20BY%20ALL%20OFIs.pdf>

<https://www.cbn.gov.ng/Out/2021/FPRD/CESSATION%20OF%20NON-PERMISSIBLE%20ACTIVITIES%20BY%20MFBs.pdf>

[https://www.cbn.gov.ng/Out/2021/CCD/Circular%20to%20Other%20Financial%20Institutions%20\(OFls\)%20on%20the%20Commencement%20of%20enrollment%20of%20All%20DFIs,%20MFBs,%20PMBs%20and%20FCs%20on%20the%20CRMS.pdf](https://www.cbn.gov.ng/Out/2021/CCD/Circular%20to%20Other%20Financial%20Institutions%20(OFls)%20on%20the%20Commencement%20of%20enrollment%20of%20All%20DFIs,%20MFBs,%20PMBs%20and%20FCs%20on%20the%20CRMS.pdf)

[https://www.cbn.gov.ng/Out/2020/CCD/Regulatory%20And%20Supervisory%20Framework%20for%20The%20Operations%20of%20A%20Mortgage%20Refinance%20Company%20\(MRC\)%20Approval%20To%20Refinance%20Non-Member%20Banks.pdf](https://www.cbn.gov.ng/Out/2020/CCD/Regulatory%20And%20Supervisory%20Framework%20for%20The%20Operations%20of%20A%20Mortgage%20Refinance%20Company%20(MRC)%20Approval%20To%20Refinance%20Non-Member%20Banks.pdf)

<https://www.cbn.gov.ng/Out/2021/FPRD/CESSATION%20OF%20NON-PERMISSIBLE%20ACTIVITIES%20BY%20MFBs.pdf>

[https://www.cbn.gov.ng/Out/2021/CCD/Circular%20to%20Other%20Financial%20Institutions%20\(OFls\)%20on%20the%20Commencement%20of%20enrollment%20of%20All%20DFIs,%20MFBs,%20PMBs%20and%20FCs%20on%20the%20CRMS.pdf](https://www.cbn.gov.ng/Out/2021/CCD/Circular%20to%20Other%20Financial%20Institutions%20(OFls)%20on%20the%20Commencement%20of%20enrollment%20of%20All%20DFIs,%20MFBs,%20PMBs%20and%20FCs%20on%20the%20CRMS.pdf)