



CENTRAL BANK OF NIGERIA

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CIRCULAR TO BANKS AND OTHER FINANCIAL INSTITUTIONS ON VIRTUAL CURRENCY OPERATIONS IN NIGERIA

The emergence of Virtual Currencies (VCs) has attracted investments in payments infrastructure that provides new methods for transmitting value over the internet.

Transactions in VCs are largely untraceable and anonymous making them susceptible to abuse by criminals, especially in money laundering and financing of terrorism. **VCs are traded in exchange platforms that are unregulated, all over the world. Consumers may therefore lose their money without any legal redress in the event these exchangers collapse or close business.**

The development of VCs Payment Products and Services (VCPSS) and their interactions with other New Payment Products and Services (NPPS), give rise to the need for guidance to protect the integrity of the Nigerian financial system. There is therefore the need to address the Money Laundering/ Terrorism Financing (ML/TF) risks associated with VC exchanges and any other types of institutions that act as nodes, where convertible VC activities intersect with the regulated fiat currency financial system.

The attention of banks and other financial institutions is hereby drawn to the above risks and you are required to take the following actions, pending substantive regulation or decision by the CBN:

- (i) Ensure that you do not use, hold, trade and /or transact in anyway in virtual currencies;
- (ii) Ensure that existing customers, that are virtual currency exchangers, have effective AML/CFT controls that enable them to comply with customer identification, verification and transaction monitoring requirements;
- (iii) Where banks or other financial institutions are not satisfied with the controls put in place by the virtual currency exchangers/customers, the relationship should be discontinued immediately; and
- (iv) Any suspicious transactions by these customers should immediately be reported to the Nigerian Financial Intelligence Unit (NFIU).

The CBN reiterates that VCs such as Bitcoin, Ripples, Monero, Litecoin, Dogecoin, Onecoin, etc, and similar products are not legal tenders in Nigeria, thus any bank or institution that transacts in such businesses does so at its own risk.


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