

**PRESS BRIEFING BY PROFESSOR CHUKWUMA C. SOLUDO, CFR, GOVERNOR OF THE CENTRAL BANK OF NIGERIA IN RESPONSE TO RECENT DEVELOPMENTS IN THE BANKING INDUSTRY**

In consideration of the recent developments and performance of the financial system, and a careful analysis of the medium term outlook, the CBN, at the end of the Financial System Surveillance Committee (FSSC) Meeting held today, July 23, 2008, has decided as follows:

1. *To postpone the requirement for the adoption of a uniform accounting year-end in the banking industry from December 2008 to December 2009.* This is in response to the observed desperate behaviour of some banks in deposit mobilization and hiking interest rates at levels that cannot be justified by the fundamentals. The core (non-food) inflation rate is currently at about 3.6 percent, and both the deposit and lending rates that currently prevail in the market are not justifiable. The CBN will investigate these practices by some banks.

2. *To introduce RESIDENT EXAMINERS' PROGRAMME (REP) with effect from January 2009.* In effect, from January 2009, the CBN will post staff to each of the banks who will monitor and supervise the activities of the banks on a daily basis and report to Head office. This is to strengthen CBN's effectiveness in the Risk Based supervision. It is designed to enhance our hands-on knowledge of the banks' operations, the complexity of their risk profile and to provide real-time and continuous evaluation of their operations.
  
3. *To further reaffirm to the general public that the CBN is still receiving and processing requests for banking licenses.* This is to correct the wrong impression that requests for banking license are no longer being entertained by the CBN. The required conditions for banking license are available on the CBN website, and any investor that meets the conditions will be issued with a banking license.

Thank you for your kind attention.

*Professor Chukwuma C. Soludo, CFR*

*Abuja, July 23, 2008*