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CIRCULAR TO ALL BANKS

RE: DIRECT INVOLVEMENT IN TRADING ACTIVITIES BY BANKS

The Central Bank of Nigeria has observed with serious concern the continued skewness of bank lending in favour of trading activities as against the promotion of the real sector of the economy. Indeed, some banks have totally abandoned their core banking functions and are engaged principally in funding, direct purchase and selling of goods.

While the Central Bank of Nigeria appreciates the need for banks to secure their risk assets by the domiciliation of the proceeds of sale of financed goods, the practice of banks engaging directly in buying and selling of goods in an effort to secure their exposure is very demeaning and unprofessional.

The Central Bank of Nigeria hereby advises banks to limit their activities to core banking functions and save themselves the hazards and risks associated with direct trading.



O.I. IMALA
DIRECTOR OF BANKING SUPERVISION