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CIRCULAR TO ALL BANKS

THE NEED FOR PRIOR C.B.N CLEARANCE OF PROSPECTIVE EMPLOYEES OF BANKS

It has been observed that most banks do not make enquiries on the Central Bank of Nigeria before employing new staff above the entry level. Consequently, discredited and fraudulent staff are recycled within the system.

It is further observed that Fraud and Forgeries in the system have been on the increase in recent years and available data indicate that over 90% of the fraud cases are either perpetrated by insiders or with the active connivance of staff.

The Central Bank of Nigeria maintains a data bank on staff of financial institutions **DISMISSED** or **TERMINATED** on grounds of frauds and forgeries dating back to over two decades.

Section 44, sub-section 4, of the Banks and Other Financial Institutions Act 1999 (as amended) expressly states: "Any person whose appointment with a bank has been terminated or who has been dismissed for reasons of fraud, dishonesty or convicted for an offence involving dishonesty or fraud shall not be employed by any bank in Nigeria".

Furthermore, sub-section 7 states thus: "It shall not be a defence for any director, manager, or officer of a bank to claim that he is not aware of the provisions of sub-section (4) of this section, except he can prove that he had obtained prior clearance of such a person from the Secretary of the Bankers' Committee who maintains a register of terminated, dismissed or convicted staff of banks on the ground of fraud or dishonesty".

The Code of Ethics and Professionalism in the Banking and Finance Industry Section 4 (ix)(ii), also considers employing new staff

without obtaining suitable reference as aiding and abetting unprofessional practices in the banking industry.

There is no doubt that ridding the system of persons that lack integrity and ensuring that they are not employed in the system, is the responsibility of the operators and the regulators; an imperative for the sustenance of public confidence.

Banks are therefore reminded by this circular to ensure that adequate references are obtained before the employment of any staff other than at the entry level. We also use this opportunity to remind all banks of their responsibility to report all terminated/dismissed staff to the CBN and also stop the dangerous practice of advising dismissible staff to “simply resign”.

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