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BSD/DIR/GEN/CIR/03/005

April 23, 2009

CIRCULAR TO ALL BANKS,

RE: SANCTIONS FOR VIOLATION OF THE DECISION ON MAXIMUM DEPOSIT RATE, LENDING RATE AND OTHER CHARGES

Further to our circular dated April 8, 2009 ref. BSD/DIR/GEN/CIR/03/003 on the above subject, and the enquiries from various stakeholders on the extent of the application of the circular and the status of deposit and lending transactions contracted by banks before April 1, 2009, it has become necessary to make the following clarifications:

1. The capping of deposit rate at 15% per annum, lending rate at 22% per annum and other charges at 2% per annum is applicable to all forms deposit and lending transactions between Deposit Money Banks and their customers, as well as Inter-bank, Bankers Acceptances and Commercial Papers.
2. The circular has no retroactive effect and therefore does not apply to transactions validly entered into before April 1, 2009.

All Deposit Money Banks are hereby advised to be guided accordingly.

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