



CENTRAL BANK OF NIGERIA, ABUJA

CBN website: www.cenbank.org

PRESS RELEASE

The Central Bank of Nigeria has noted strenuous efforts to deliberately twist information regarding its recent actions to sanitize the banking sector in order to malign and discredit the entire process.

In order to put the issues in the right perspective and properly inform Nigerians on the actions taken, it has become necessary to make the following clarifications.

1. The town hall meeting at London was not about selling Nigerian banks but explaining the actions of the Central Bank of Nigeria to the international community particularly the correspondent banks who advance credit lines to Nigerian banks. The Governor and the new Managing Directors of the affected banks did not discuss the issue of selling the banks with any foreign investor or group of investors. The Governor however reiterated that there is no law in Nigeria barring foreign investors from investing in Nigerian banks but the CBN will ensure that only foreign investors genuinely interested in the development of the Nigerian economy will be entertained.
2. On the allegation that the Governor is introducing Islamic banking as part of the alleged “northern agenda”, the fact is that Islamic banking/non interest banking (or whatever it is called) has already been approved by the CBN during the tenure of Prof. Chukwuma C. Soludo. In fact, provisions of BOFI Act 1991 as amended, Sections 9, 23 and 52 provided for the establishment of Islamic banking in Nigeria. Consequent upon this, the former Habib Bank was given an approval in 1992 to operate a window of Islamic banking which is still operational with Bank PHB. The approval by

the CBN under Prof. Soludo saw the emergence of the proposed JA'IZ Bank which has been working to raise the N25 billion capital base required. It is obvious therefore that Islamic banking was already in Nigeria years before Sanusi Lamido Sanusi became the Governor of Central Bank of Nigeria.

3. The injection of N420 billion into the five affected banks is neither equity nor a bailout by government but a normal central banking function of lender of last resort to the banks. The money is a loan to the banks to improve their liquidity to enable them meet their obligations and will be paid back to CBN at a premium. The CBN Act empowers the CBN to manage money supply in the economy through different mechanisms. The CBN, as Banker to the bankers, has been increasing money supply by lending money to the banks through the Expanded Discount Window (EDW) and the injection of the N420b into the five banks is an extension of that function. The money is not from the government treasury/federation account and the CBN believes that it does not require any appropriation by the National Assembly as claimed by some analysts.

SIGNED
M.M. ABDULLAHI
CORPORATE AFFAIRS,
CENTRAL BANK OF NIGERIA