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FPR/DIR/CIR/GEN/01/33

Circular to all Banks, Discount Houses and Development Finance Institutions

IMPLEMENTATION OF SUSTAINABLE BANKING PRINCIPLES BY BANKS, DISCOUNT HOUSES AND DEVELOPMENT FINANCE INSTITUTIONS IN NIGERIA

The Bankers' Committee, at its retreat of July 14, 2012, approved the adoption of the Nigeria Sustainable Banking Principles by banks, discount houses and development finance institutions in Nigeria. This is in furtherance of the Bankers Committee's commitment to deliver positive development impacts to society while protecting the communities and environment in which financial institutions and their clients operate.

To enable effective implementation of these principles, the following documents, which were considered at that meeting, are hereby issued to banks, discount houses and development finance institutions:

1) The Nigeria Sustainable Banking Principles,
2) The Nigeria Sustainable Banking Principles Guidance Notes;
3) Nigeria Sustainable Banking Principles Power Sector Guidelines;
4) Nigeria Sustainable Banking Principles Agriculture Sector Guidelines; and
5) Nigeria Sustainable Banking Principles Oil and Gas Sector Guidelines.

Successful implementation of these principles and guidelines will require banks, discount houses and development finance institutions to develop a management approach that balances the environmental and social (E&S) risks identified with the opportunities to be exploited through their business activities. E& S risk management will ensure stronger overall risk management for the concerned institutions.

The adoption of these principles will no doubt enhance the adopting institutions' financial success over the longer term while ensuring that they remain environmentally and socially responsible.

The Central Bank of Nigeria (CBN) directs full adoption and implementation of these principles and guidelines by all banks discount houses and development finance institutions and will provide incentives, as necessary, to those institutions that take concrete measures to embed the provisions of these principles and guidelines into their operational, enterprise risk management and other governance frameworks.

To enable the CBN track the progress of implementation and adherence to the Principles and Guidelines, banks, discount houses and development finance institutions will be required to submit regular reports to the CBN in line with reporting requirements which will be made available to the industry.

This circular supersedes our circular referenced FPR/DIR/CIR/GEN/01/030 dated September 3, 2012 and takes effect from September 26, 2012.

Sola Awoyungbo
For: Director,
Financial Policy and Regulation Department