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LETTER TO ALL BANKS

REVIEW OF OPERATIONAL GUIDELINES FOR BLACKLISTING

Following the spate of petitions for the reversal of blacklisted staff by banks due to failure to comply with the process of investigation and granting of fair hearing to erring staff before forwarding their names for blacklisting, the Central Bank of Nigeria (CBN) has considered it imperative to issue the "Review of Operational Guidelines for Blacklisting" to the industry.

The Guidelines provide the procedures for forwarding names to the CBN for inclusion in the Register of terminated, dismissed or convicted staff of banks and other financial institutions on the grounds of fraud, forgery and dishonesty.

The Guidelines takes immediate effect.

Please be guided accordingly.

Yours faithfully,

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REVIEW OF OPERATIONAL GUIDELINES FOR BLACKLISTING



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1.0 PREAMBLE

Pursuant to the powers granted under "Banks and Other Financial Institutions and Central Bank of Nigeria Acts," these guidelines are issued to provide a guide to the procedure for forwarding names to the Secretary of the Bankers' Committee for inclusion in the Register of Terminated, Dismissed or Convicted staff of Banks and Other Financial Institutions on the grounds of fraud and dishonesty. It had been observed that details of cases rendered in the related returns were no longer limited to cases of fraud and forgeries as originally intended, but had been erroneously extended to include cases such as lateness to work, abandonment of duty, etc.

The inclusion of these other cases negates the intent and basis for blacklisting. "Blacklisting" is in furtherance to the requirements and provisions of Section 48, sub-section 4 of BOFIA CAP B3, LFN 2004 which 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".

The Central Bank of Nigeria (CBN) in recent times has been inundated with petitions for the reversal of names from the "blackbook". This emanates from failure by the Deposit Money Banks (DMBs) to comply with the process of thorough investigation and granting of fair hearing to erring staff before a final decision is taken to either dismiss or terminate the employment of such staff.



These guidelines are therefore issued in order to give clarity to the process of rendering the above returns.

2.0 INTRODUCTION

Trust is the cornerstone upon which banking business is conducted. Any act of malfeasance taken by a bank or its staff that would erode the trust of the public is therefore of prime concern to the regulators and other stakeholders.

Due to the nature of banking operations, banks are frequent targets for frauds from within and outside the system. Despite the various Risk Management policies and internal control processes/procedures that have been put in place to mitigate against such incidents, the occurrence and attempts of fraud have not been abated in the banking system as evidenced by the monthly returns on fraud and forgeries submitted by the banks to the CBN.

Risk management systems and processes are only as good as the people that operate them, it is therefore imperative that only persons of integrity and proven character are employed and retained in the financial industry.

It was on this premise that the Bankers' Committee at its meeting of December 14, 1982 decided that a register be kept of staff dismissed on grounds of fraud and acts of dishonesty.

Thus the CBN maintains a register called the "blackbook" containing names and details of such staff that were dismissed or terminated, in line with Section 48 (4) of BOFIA 2004.

Every individual whose name is listed in the “blackbook” is barred from holding any employment within the financial system in Nigeria.



3.0 OBJECTIVE OF THE BLACKBOOK

The process of blacklisting is intended to achieve the following objectives:

- To prevent discredited and fraudulent staff from being recycled within the financial system.
- That only staff with credible references are employed within the financial system.
- To serve as deterrent to other staff from committing frauds/dishonest acts.
- To hold accountable individuals that fail to meet the expected standards of integrity and professionalism required of bankers.
- To ensure operational compliance by banks and other financial institutions with Section 48 (4) of BOFIA LFN CAP B3 2004.

4.0 CONDITIONS FOR BLACKLISTING

The blacklisted person is anyone who has been terminated or dismissed strictly as a result of:

- Fraud
- Act of dishonesty
- Conviction

5.0 INITIATION OF BLACKLISTING ACTION

- A disciplinary committee must have conducted a **thorough investigation.**



- The Disciplinary committee must have established that the staff involved had committed an act of fraud and dishonesty.
- The staff must have been granted Fair **hearing through the Disciplinary committee.**
- The decision of the committee must be communicated to the staff involved.

6.0 THE FAIR HEARING PROCESS

Upon verification of the existence of grounds for blacklisting, the financial institution shall notify the staff in writing, informing him that:

- a) A complaint for blacklisting has been filed against him, stating the grounds for such and the consequences of being blacklisted;
- b) The staff must be given the opportunity to present documentary or verbal testimony that may affect the decision; and
- c) The final decision of the Disciplinary Committee must be communicated to the staff.

7.0 RETURNS TO THE CBN

The financial institution shall forward the returns on dismissed or terminated staff (including temporary and contract) on grounds of frauds and forgeries to the CBN along with a declaration from the bank that:

- It followed due process before arriving at the decision; and
- Signed by the Managing Director.

8.0 CONTENTS OF THE RETURNS

The return shall clearly state:

- i. The names of the person(s) involved (which should be written in full without any abbreviation);
- ii. Date of birth;
- iii. Local Government of Origin;
- iv. State of Origin;
- v. Gender;



- vi. Offense committed;
- vii. Designation/Status; and
- viii. Unique identification details i.e. international passport, national identity, BVN etc.

Along with the monthly returns, documents of the investigation, disciplinary committee's final decision must be submitted.

9.0 BLACKLISTING ACTION BY THE CBN

Upon receipt of the returns, the CBN would:

- Review the documents and establish that due process was actually followed.
- The Head, Bankers' Committee upon confirmation shall subsequently blacklist the persons.

10.0 DELISTING

10.1 A blacklisted person **CAN ONLY** be delisted upon:

- CBN's issuance of a Delisting Order consequent upon a Court's Order or
- A request from the financial institution following CBN's concurrence to the motion for reconsideration.

10.2 If the CBN determines that due process was not followed or the offence listed is not a blacklistable offence, the CBN will sanction the erring financial institution for not adhering to the provision of this guideline as empowered by Section 60 of BOFIA.

10.3 Banks and other financial institutions should note that it is their responsibility to report names of staff terminated/dismissed on grounds of Fraud and Forgeries to the CBN and are cautioned against the dangerous practice of advising such staff to "simply resign". If discovered, the CBN



will regard this with even higher severity and the financial institution be sanctioned accordingly.

11.0 TERMINATIONS AND DISMISSALS FOR OTHER OFFENCES

Banks and Other Financial Institutions are required to continue reporting terminations and dismissals for miscellaneous offences other than fraud and dishonesty. Staff in this category are not barred from future employment in the financial services industry, but full disclosure will be made to prospective employers.

12.0 MOTION FOR RECONSIDERATION

12.1 A motion for reconsideration may be filed with the CBN, when:

- a) There is new evidence or facts which were not made available during the investigation and may probably alter the result of the investigation;
- b) Based on the above, the Disciplinary Committee of the affected institution may be asked to review the case;
- c) After the review, if it is established that the staff was not guilty of fraud or acts of dishonesty, the institution would initiate the delisting process by writing to the CBN to delist such a person from its blackbook; and
- d) The institution is therefore expected to forward the full report of its investigation to the CBN for review after initiating the delisting process.

12.2 Without prejudice to the above, the Governor of CBN shall decide after the review of the request if the individual should be delisted or not and the decision shall become final.



12.3 After the delisting has taken place, the CBN would then communicate its action to both the financial institution and the delisted person.

13.0 COMMENCEMENT OF GUIDELINES

These guidelines or any amendments made thereto shall take immediate effect.

GLOSSARY

1. FRAUD:

The Black's Law Dictionary, 13th Edition defined fraud to mean "a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment".

2. DISHONESTY:

Oxford Online British and world English Dictionary defines dishonesty as "behaving or being prone to behaving in an untrustworthy, deceitful, insincere way or intending to mislead or cheat".