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Circular to all Banks and Other Financial Institutions

EXPOSURE DRAFT ON THE GUIDE TO CHARGES FOR BANKS AND OTHER FINANCIAL INSTITUTIONS IN NIGERIA

The Central Bank of Nigeria is currently reviewing the extant Guide to Bank Charges, which came into effect on April 1, 2013. The review, which is in line with the philosophy of periodically ensuring that the provisions of the Guide accord with current realities, also seeks to address complaints from consumers of financial services, requests for clarification on provisions of the Guide and absence of a tariff regime for other financial institutions in Nigeria.

The draft "Guide to Charges for Banks and Other Financial Institutions in Nigeria" is hereby presented as an exposure draft for your information and comments; and may be accessed from the *Supervisory Policies and Guidelines* page on the CBN's website, www.cbn.gov.ng.

Kindly send hard copies of your comments by March 29, 2016 to the Director, Financial Policy and Regulation Department with soft copies mailed to gbcreview@cbn.gov.ng.

Thank you.

A handwritten signature in blue ink, appearing to read 'Kevin N. Amugo', written over a horizontal line.

KEVIN N. AMUGO

DIRECTOR, FINANCIAL POLICY & REGULATION DEPARTMENT

**DRAFT GUIDE TO CHARGES
FOR BANKS AND OTHER
FINANCIAL INSTITUTIONS**

PREFACE

The “Guide to Charges” provides a standard for the application of charges on the various types of products and services Deposit Money Banks (DMBs) and Other Financial Institutions (OFIs) in Nigeria offer to their customers - individuals, corporate organizations and Governments (Federal, State, Local and their Agencies).

Wide consultations with relevant stakeholders were considered in arriving at the charges prescribed in the Guide. The intendment of this Guide is to enhance flexibility, transparency and competition in the Nigerian economy.

Where a charge is stipulated as “negotiable”, DMBs and OFIs are required to appropriately draw the attention of their customers to its consequence and the two parties should mutually agree on the applicable interest and charge. All commissions, charges and rates stated in this Guide are subject to relevant taxes.

Although the Guide provides for charges on various products and services of DMBs and OFIs, it is not exhaustive. Banks and OFIs are mandated to present any new product, service and charge(s) not covered by this Guide to the Central Bank of Nigeria for prior approval.

A glossary of terms is introduced to provide users with an explanation of the words/terminologies used in the Guide.

This Guide to Charges for Banks and OFIs which replaces the Guide to Bank Charges issued in 2013 takes effect from (month), 2016, and may be reviewed from time to time to reflect changes in the business environment.

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PART 1: DEPOSIT MONEY BANKS

SECTION 1: INTEREST ON DEPOSITS

	DESCRIPTION	RATE
1.1	Current account in credit balance	Negotiable
1.2	Savings accounts	Minimum of 30% of MPR p.a. (Subject to Maximum of 4 Withdrawals in a Month)
1.3	Term Deposit Accounts	Negotiable
1.4	Domiciliary Accounts:	
	1.4.1 Current Accounts	Minimum of 0.50% per annum p.a
	1.4.2 Savings Accounts	Minimum of 0.50% per annum
1.5	Deposits held as collateral	Negotiable subject to minimum of 30% of MPR p.a.

SECTION 2: INTEREST RATES AND LENDING FEES

	DESCRIPTION	RATE
2.1	Lending Rate¹:	
	2.1.1 Local Currency Loans	Negotiable (the rate should anchor MPR, reflecting the risk-based pricing model). Also, when there is a change in agreed rate, the customer must be notified within 5 business days in advance of the application of the new rate.
	2.1.2 Interest Rate - Foreign currency Loans	Negotiable (reference to LIBOR)
	2.1.3 Interest on authorized OD	Negotiable (the rate should anchor MPR, reflecting the risk-based pricing model). Also, when there is a change in agreed rate, the customer must be notified within 5 business days in advance of the application of the new rate
	2.1.4 Interest on excess over authorized OD limit	1% flat on unpaid amount per month in addition to charging current rate of interest on outstanding debt (without prejudice to the provisions of the Prudential Guidelines on the limitation of accruals)
	2.1.5 Unauthorized OD/Credit	Not permissible, except as a result of loan repayments (Principal and Interest)
	2.1.6 Drawing against Uncleared Effects	Negotiable
	2.1.7 Equipment Leasing	Negotiable
	2.1.8 Discountable instruments e.g. Usance bill, Bankers' Acceptance, Commercial Papers, Promissory Notes	Negotiable

¹ Seven (7) days from the date of execution, shall be allowed within which loan contracts can be rescinded.

	etc.	
2.2	Lending Fees	
	2.2.1 Management fee ² : It covers processing and appraisal fee (one-off charge).	Negotiable subject to maximum of 1% of the principal amount granted (one off charge).
	2.2.2 Renewal Fee ³	Negotiable subject to maximum of 0.25% flat (one-off upon renewal)
	2.2.3 Facility Restructuring Fee	Negotiable, subject to a maximum of 0.25% on the outstanding amount being restructured (one off charge).
	<p>2.2.4 Penal (Default) Rate</p> <p>Penal rate for past due loans & advances and excess over limit</p> <p>NOTE: Seven (7) days shall be allowed within which there will be no penal charge on late repayments.</p>	1% flat on unpaid amount per month in addition to charging current rate of interest on outstanding debt (without prejudice to the provisions of the Prudential Guidelines on the limitation of accruals)
	2.2.5 Commitment Fee	Negotiable, subject to a maximum of 0.5% on the undisbursed amount (one-off charge)
	2.2.6 Advisory/Consultancy fee	Negotiable (only applies where there is a written advisory/consultancy agreement between the bank and the customer)
	<p>2.2.7 Credit Reference Reports</p> <p>NOTE: Applicable for only customer-induced credit reference reports.</p>	Cost recovery
2.3	Interbank Borrowing rate:	

² **NOTE ON MANAGEMENT:** Chargeable for all fresh requests granted. The charge also applies each time an additional amount is granted but only for the additional amount. No charges for requests declined.

³ **RENEWAL FEE:** Chargeable for renewals granted. No charges for requests declined.

	2.3.1 Overnight /Call money	Negotiable
	2.3.2 Tenured	Negotiable
2.4	Charges for Consortium Lending	
	2.4.1 Agency Fee	Negotiable
	2.4.2 Management Fee	Negotiable subject to a maximum of 0.5% of principal amount (One-off charge)
	2.4.3 Commitment/Non-Drawing Fee	Negotiable subject to a maximum of 0.5% of the undisbursed amount (one-off charge)
	2.4.4 Renewal Fee	Negotiable, subject to a maximum of 0.25% of the principal(One-off charge upon renewal)
	2.4.5 Commission charges for underwriting services	Negotiable

SECTION 3: COMMISSION ON TURNOVER

	DESCRIPTION	RATE
	Commission on Turnover	
3.1	<p>3.1.1 COT applies to customer-induced debit transactions on current accounts. The banks should not charge COT on returned outward clearing cheques, reversal of transactions and all bank-induced debits</p> <p>Note:</p> <p>Gradual phase-out of COT from ₦3 (2013) to ₦2 (2014) to ₦1 (2015), and ₦0 (2016)</p>	Zero COT with effect from January 2016
	3.1.2 Loan repayment from current or savings account	Nil
	3.1.3 Debits representing transfer to other accounts in the same name, in the same branch or at another branch of the same bank	Nil
3.2	Cost of Cheque Books	
	3.2.1 Cheque Books	Cost recovery
	3.2.2 Counter Cheque	₦50 per leaflet

SECTION 4: CURRENT ACCOUNT MAINTENANCE FEE

	DESCRIPTION	RATE
4.1	Current Account Maintenance Fee (CAMF)	
	4.1.1 Current Account Maintenance Fee applies to customer-induced debit transactions on current accounts. Banks should not charge Current Account Maintenance fee on returned outward clearing cheques, reversal of transactions and all bank-induced debits	Negotiable subject to a maximum of N1 per mille
	4.1.2 Loan repayment from current or savings account	No charge
	4.1.3 Debits representing transfer to other accounts in the same name, in the same branch or at another branch of the same bank	No charge

SECTION 5: COMMISSION ON BONDS GUARANTEES & INDEMNITIES, ETC.

	DESCRIPTION	RATE
5.1	Bid/Tender Bond (Bid Security)	Negotiable subject to a maximum of 1% of the Bond value (one-off charge)
5.2	Performance bond (chargeable from date of contingent liability)	Negotiable subject to a maximum of 1% of the Bond value (one-off charge)
5.3	Advance Payment Guarantee (APG) (chargeable from date of contingent liability)	Negotiable subject to a maximum of 1% of the APG value (one-off charge)
5.4	Third-party Cheque Indemnities	To be discouraged – However, negotiable for non-clearing financial institutions e.g. Micro-finance banks
5.5	Bank Guarantees	Negotiable subject to a maximum of 1% (one-off charge)
5.6	Other Bonds, Guarantees and Indemnities	Negotiable subject to a maximum of 1%, (one-off)

SECTION 6: FOREIGN EXCHANGE COMMISSION/CHARGES

	DESCRIPTION	RATE
	Purchases:	
6.1	Purchases from CBN	As may be prescribed by the CBN from time to time.
6.2	Inter-bank purchases	Negotiable subject to a maximum spread of 50 Kobo per US Dollar, between the Bid and Offer Rate
6.3	Inward Telegraphic/SWIFT and other transfers expressed in foreign currency	No charge
6.4	Travellers Cheques, Cheques and Sight Bills for negotiation:	
	6.4.1 Travellers' Cheques (TCs for pilgrimage are specially arranged for by the CBN)	As advised by CBN
	6.4.2 Third Party Cheques	Minimum of ₦1,000 subject to a maximum of 1% of the value of the cheque
	6.4.3 Sight Bills	Minimum of ₦1,000 subject to a maximum of 1% of the value of the bill
	6.4.4 Usance Bills	Minimum of ₦1,000 subject to a maximum of 1% of the value of the bill
6.5	Foreign Currency purchases from customers	Interbank foreign exchange rate
	Sales:	
6.6	Outward Telegraphic/SWIFT and other transfers	SWIFT cost recovery only

6.7	Foreign currency sales to customers	Interbank foreign exchange rate plus a margin of 0.5%
6.8	Commission on FCY cash withdrawals/Withdrawals from Domiciliary Accounts other than cash:	
	6.8.1 Current account	Negotiable, subject to a maximum of 0.1% of transaction value, subject to maximum of Naira equivalent of US \$10
	6.8.2 Savings account	Negotiable, subject to a maximum of 0.1% of transaction value, subject to maximum of Naira equivalent of US \$10
6.9	Foreign draft purchase	0.1% of the value of the cheque + Offshore charges
6.10	Collection Charge on Cheques	1% of cheque value or Naira equivalent of US \$10 whichever is lower

SECTION 7: BILLS FOR COLLECTION

	DESCRIPTION	RATE
	Bills for collection (Inward)	
7.1	Collection:	
	7.1.1 Commission on Bills for Collection	Negotiable subject to a maximum of 1% of the bill value
	7.1.3 Postage (where applicable)	Actual cost of postage
	7.1.4 Communication charge (where applicable)	Actual cost of communication
7.2	Holding charges after non-payment or non-acceptance, chargeable one month after arrival of goods:	₱5,000 per month
7.3	Sharing of commission on handling charges in respect of collection:	
	7.3.1 Presenting Bank	25%
	7.3.2 Collecting Bank	75%
7.4	Extension charges for accepted or sight bills altered to tenure bills	₱3,000 per bill
7.5	Protest charges plus Notary Public Fees	Cost of Postage
	Bills for Collection (Outward)	
7.6	Collection commission	
	7.6.1 Commission on Bills for Collection	Negotiable subject to a maximum of 1%
7.7	Bills for Collection - Negotiation	Negotiable

SECTION 8: STRAIGHT FORWARD HANDLING OF DOCUMENTS

	DESCRIPTION	RATE
8.1	Export Documents Delivery	Negotiable subject to a maximum of ₦5,000 plus cost of courier
8.2	Import Documents:	
	8.2.1 Delivery	Negotiable subject to a maximum of ₦5,000 plus cost of courier
	8.2.2 Bills for acceptance and return to Principals	Negotiable subject to a maximum of ₦5,000 plus cost of courier
	8.2.3 Bills for Collection due for payment	Cost of courier

SECTION 9: INWARD AND OUTWARD LETTERS OF CREDIT

	DESCRIPTION	RATE
	Inward Letters of Credit (Export)	
9.1	Processing and Registration of Nigerian Export (NXP) Form	₦5,000 flat
9.2	Advising Commission:	
	9.2.1 Where a Nigerian bank simply verifies authenticity of the Credit and delivers same.	₦5,000 flat
	9.2.2 Where a Nigerian bank has to rewrite the Credit at the instance of the customer	0.05% of the value, subject to a minimum of Naira equivalent of US \$25
9.3	Confirming Commission	Minimum of ₦5,000 subject to a maximum of 1% of the face value.
9.4	Transferable Credits, Transferable and Divisible Credits (part-shipment):	
	9.4.1 Where all or part of a credit is transferred, the charges (paid by the original beneficiary) are based on the amount transferred	0.5% of face value subject to a minimum of Naira equivalent of US\$25
	9.4.2 Negotiation of LC Documents (Commission plus interest, if applicable, at local rate)	Negotiable
	Outward Letters of Credit (Import)	
9.5	Purchase of Forms A	₦100 per form
9.6	Form M:	
	9.6.1 Processing	₦1,000 in addition to maintenance fee on e-Form platform in line with CBN directive

	9.6.2 Amendment	Negotiable subject to a maximum of N5,000
	9.6.3 Revalidation/ Extensions	Negotiable subject to a maximum of N5,000
9.7	LC Establishment Commission	
	9.7.1 For credits up to 180 days	1% of face value
	9.7.2 For credits up to 270 days	1.25% of face value
	9.7.3 For credits up to 360 days (these charges are on the period of validity of the credit)	1.5% of face value
9.8	Renewal, extension and Increase in the LC value:	
	9.8.1 Renewals ⁴	Commission on Applicable LC establishment
	9.8.2 Extensions ⁵	₦5,000.00 flat
9.9	Increases or Enhancements:	Additional establishment commission should be charged on the amount of any increase for the unexpired period of validity of credit (in line 9.7 above)
9.10	Amendment of LC at the instance of the customer	N2,000 per application
9.11	Usance Bill under Credit Guarantee Commissions:	
	9.11.1 Where the bill is less than one year	₦3 per mille per month
	9.11.2 Where the bill exceeds one year	₦5 per mille per month
9.12	Pre-Arrival Assessment Report (PAAR)	₦ 2,500.00 flat

⁴ Credits may be renewed not later than the 15th day following expiry only on payment of full Establishment Commission.

⁵ Where a letter of credit is extended for a period in excess of 12 months from the date of establishment, a Re-establishment Commission of 1% is payable

SECTION 10: INTERNAL TRANSACTIONS (within Nigeria)

	DESCRIPTION	RATE
10.1	Bank Drafts	
	10.1.1 Customer	Current Account: - ₦300; and Savings Account: - ₦500
	10.1.2 Non-Customer	₦500 + 0.1% of Draft value
10.2	Draft Repurchase	No charge
10.3	Transfers within Nigeria:	
	10.3.1 Intra-Bank/Intra-Scheme Transfers	No charge
	10.3.2 in-Branch Inter-Bank/Inter-Scheme Funds Transfer excluding RTGS (carried out by bank on behalf of the customer)	
	Below N10,000,000	₦200
	₦10,000,000 and above	₦500
	10.3.3 Transfers from account holders to non-account holders, subject to a maximum of ₦30,000 per beneficiary per day (sender to pay)	₦200
10.4	Charges paid by non-account holders for initiating cash transactions (e.g. local money transfer, Prepaid Card loading)	0.2% of the value of the transaction, subject to a minimum of ₦200. However, banks are enjoined to undertake KYC on such customers
10.5	Cash handling charge	Extant CBN policy on the subject applies
10.6	Special Clearing of Cheques	Negotiable
10.7	Standing Order Charge (In-Branch) at the instance of the customer	(a) Intra-bank N300 (One-off) (b) Inter- bank N300 (one-off) plus applicable in-Branch Inter-Bank Funds Transfer charge

10.8	Direct Debit	CBN extant policy applies
10.9	Safe Custody	Negotiable
10.10	Stopped Cheques	₦ 500.00 per order
10.11	Purchase/sale of Treasury Bills for customers	(a) Processing fee – N100 flat (b) Custodian fee – in line with extant Guidelines on Custodianship on Money Market and Other Fixed Income Instruments (applicable on Treasury bills purchase) (c) Settlement of trade via S4 – Cost recovery

SECTION 11: ELECTRONIC BANKING

	DESCRIPTION	RATE
11.1	Internet Banking:	
	11.1.1 Hardware Token	Maximum of ₦2,500 (one-off charge)
	11.1.2 Software Token – One Time Password (OTP)	No Charge
	11.1.3 Hardware Token replacement	Maximum of ₦2,500 (Customer to bear cost only in the event of physical damage and loss of token)
	11.1.4 Bills Payment (Including Bills Payment through other E-channels)	Negotiable subject to a maximum of the lower of 0.75% of transaction amount or N1200 (Biller/Merchant to pay)
11.2	Electronic Funds Transfer:	
	11.2.1 Below N10,000,000	₦60
	11.2.2 ₦10,000,000 and above	₦300
	11.2.3 RTGS	₦550
11.3	Annual Card Maintenance Fee	
	11.3.1 Foreign Currency Denominated Cards	₦4,200 pa
	11.3.2 Naira debit card maintenance charges	₦50 monthly
11.4	Credit Card Charges:	
	11.4.1 Interest charges	Negotiable
	11.4.2 International withdrawals (per transaction)	Exact cost by international acquirer (Cost Recovery)
11.5	Debit Card Charges:	
	11.5.1 Issuing Fee	₦1,000 (one-off charge)

	11.5.2 International withdrawals (per transaction)	Exact cost by international acquirer (Cost Recovery)
	11.5.3 Prepaid card	No charge
11.6	ATM Transactions:	
	11.6.1 Within the bank	No charge
	11.6.2 On other banks ATMS	₦65 after the third withdrawal within the same month
11.7	Mobile Payments:	
	11.7.1 Inter- Scheme Funds Transfer	₦100
	11.7.2 Intra-Scheme Funds Transfer	₦100
	11.7.3 Cash-out (to be borne by the sender)	₦100
	11.7.4 Mobile Money Card Issuance	₦1000
	11.7.5 Cash-in through an Agent (Off-us)	₦100
11.8	Point of Sales (PoS):	
	11.8.1 General Merchant (Including Domestic Travels)	0.75% of transaction value subject to a maximum of ₦1,200 (Merchant to Pay)
	11.8.2 Travels (International) and Entertainment	Negotiable subject to a maximum of 3% of transaction value (Merchant to Pay)
11.9	Bulk Payments (e.g. Salaries, Dividends etc):	Negotiable subject to a maximum of ₦50 per beneficiary payable by the sender
11.10	Mandatory alert - either SMS or email depending on customer's preference:	
	11.10.1 SMS alert	Not more than NCC rate (Fees on alerts are restricted to only customer induced transactions). All associated

		charges relating to a particular transaction should be consolidated into a single SMS alert.
	11.10.2 Email notification	No charge
11.11	PIN reissue	No charge
11.12	PIN reset	No charge
11.13	Use of Unstructured Supplementary Service Data (USSD)	No charge

SECTION 12: MISCELLANEOUS

	DESCRIPTION	RATE
12.1	Reactivation of accounts	No charge
12.2	Closure of Accounts:	
	12.2.1 Savings	No charge
	12.2.3 Current	No charge
12.3	Insurance Premium paid on behalf of customers	Exact Premium (Customer to choose from a list of at least 3 Insurance Companies to be recommended by the bank)
12.4	Issuance of statement of account:	
	12.4.1 Mandatory monthly issuance of statement of account on current and savings accounts ⁶	No charge
	12.4.2 Special request for statement of account (request in a manner other than agreed on mandatory issuance)	Maximum of ₱20 per page
12.5	Returned Cheques:	
	12.5.1 Due to reasons other than the account being unfunded	No charge
	12.5.2 Due to the account being unfunded	1% of amount, minimum of ₱5,000 (to be borne by drawer only). This is without prejudice to the Dud Cheque Act
12.6	Business visit initiated by customer:	
	12.6.1 Local	No charge
	12.6.2 Foreign	Negotiable

⁶ Bank and customer should agree on mode of transmission of statement

12.7	Status enquiry at the request of customer	₦ 500 per request
12.8	Verification of customers' documents with Government Agencies:	
	12.8.1 Search at Corporate Affairs Commission (CAC), land registry, legal search etc	Cost recovery
	12.8.2 Obtaining Certified True Copy (CTC)	Cost recovery
	12.8.3 Perfection of security for credit facilities.	Cost recovery
12.9	Confirmation of overseas enquiries to correspondent bank at the instance of the customer	N500 plus Cost of Postage if applicable
12.10	Intermediation fees for commercial papers (to be borne by the issuer)	Negotiable
12.11	Issuance of withdrawal Booklet/Passbook	No charge
12.12	Customized deposit booklet	Cost Recovery
12.13	Over-the-counter cash withdrawals below the limit set by the CBN cash withdrawal/lodgement policy	No charge
12.14	Inter-branch cash Deposits/withdrawals	No charge

PART 2: OTHER FINANCIAL INSTITUTIONS

PART 2 (A): MICRO-FINANCE BANKS

SECTION 1: INTEREST ON DEPOSITS

	DESCRIPTION	RATE
1.1	Current accounts	Negotiable
1.2	Savings accounts	Minimum of 30% of MPR p.a. (Subject to Maximum of 4 Withdrawals in a Month)
1.3	Term Deposit Accounts	Negotiable

SECTION 2: INTEREST RATES AND LENDING FEES

	DESCRIPTION	RATE
2.1	<p>Interest Rate on loans, authorised overdrafts and other advances/facilities</p> <p>Note: Seven (7) days from the date of execution, shall be allowed within which loan contracts can be rescinded</p>	Negotiable subject to a maximum of 3% per month. Also, when there is a change in agreed rate, the customer must be notified within 5 business days in advance of application of the new rate.
2.2	Unauthorized Overdraft	<p>1. Not permissible except overdraft occasioned by loan and advances repayment and interest</p> <p>2. Interest charge should be bank's lending rate plus penal rate (in line with 2.8 below)</p>
2.3	Drawing against Uncleared Effects	Negotiable
2.4	Micro Leasing/Microfinance-related Hire purchase	Negotiable
	Lending Fees	
2.5	Facility Restructuring Fee (Restructuring at the instance of customer)	Negotiable, subject to a maximum of 0.50% on the outstanding amount being restructured (one off charge).
2.6	<p>Management fee: It covers processing and appraisal fee (one-off charge).</p> <p>Chargeable for all fresh requests granted. The charge also applies each time an additional amount is granted but only for the additional amount. No charges for requests declined.</p>	Negotiable subject to maximum of 1% of the principal amount granted (one off charge).
2.7	<p>Renewal Fee:</p> <p>Chargeable for renewals granted. No charges for requests declined.</p>	Negotiable subject to maximum of 0.5% (one-off charge per renewal)

2.8	<p>Penal/Default rate for Late Repayment of loans, authorised overdrafts, micro leases, microfinance-related hire purchase and other advances/facilities, (Default or Penalty Rate)</p> <p>NOTE: Seven (7) days shall be allowed within which there will be no penal charge on late repayments.</p>	1% flat on unpaid instalment per month in addition to charging current rate of interest on outstanding debt (without prejudice to the provisions of the Revised Regulatory & Supervisory Guidelines for MFBs)
2.9	<p>Commitment Fee:</p> <p>A fee charged by a financial institution for an undisbursed facility in order to keep the line of credit open</p>	Negotiable, subject to a maximum of 1% of the Undisbursed amount (one-off charge)
2.10	<p>Advisory/Consultancy fee</p>	Negotiable. But only applies where there is a written advisory/consultancy agreement between the bank and the customer
2.11	<p>Credit Reference Reports</p> <p>NOTE: Applicable for only customer-induced credit reference reports.</p>	Cost recovery
2.12	<p>Charges for Consortium Lending</p>	
	2.12.1 Agency Fee	Negotiable
	2.12.2 Management Fee	Negotiable
	2.12.3 Commitment/Non-Drawing Fee	Negotiable subject to a maximum of 1% of the undisbursed amount
	2.12.4 Renewal Fee	Negotiable, subject to a maximum of 0.5% of the principal
	2.12.5 Commission charges for underwriting services	Negotiable
	2.12.6 Participation Fee to be shared by Micro-Finance Banks	Negotiable

SECTION 3: CURRENT ACCOUNT MAINTENANCE FEE

	DESCRIPTION	RATE
3.1	Current Account Maintenance fee:	
	3.1.1 Current Account Maintenance fee applies to customer-induced debit transactions on current accounts. The banks should not charge Current Account Maintenance fee on returned outward clearing cheques, reversal of transactions and all bank-induced debits	Negotiable subject to a maximum of N1 per mille
	3.1.2 Loan repayment from current or savings account	No charge
	3.1.3 Debit representing transfer to another account of the same customer in the same bank	No charge
	Cost of Cheque Books:	
3.2	Cheque Books	Cost recovery
3.3	Counter Cheque	₦100 per leaflet

SECTION 4: COMMISSION ON GUARANTEES & INDEMNITIES

	DESCRIPTION	RATE
4.1	Advance Payment Guarantee (APG)	Negotiable subject to a maximum of 1% of the APG value (one-off charge)
4.2	Guarantees and Indemnities	Negotiable subject to a maximum of 1%, minimum of N1,000 (one-off charge)

SECTION 5: INTERNAL TRANSACTIONS (within Nigeria)

	DESCRIPTION	RATE
5.1	Bank Drafts	
	5.1.1 Customer	₦350
	5.1.2 Non-Customer	N550
5.2	Draft Repurchase	No charge
5.3	Transfers within Nigeria:	
	5.3.1 Intra-bank/Intra-Scheme Transfers	No charge
	5.3.2 Inter-bank/Inter-Scheme Transfers	Correspondent bank's charge plus ₦50
	5.3.3 Transfers to non-account holders, subject to Tiered-KYC requirements	Correspondent bank's charge plus N50
5.4	Non-account holders' cash transactions (e.g. local money transfer, cash card loading), subject to Tiered-KYC requirements.	Correspondent bank's charge plus ₦50
5.5	Cash handling charge	Extant CBN policy on the subject applies
5.6	Special clearing of cheques	Negotiable
5.7	Standing Order Charge (In-Branch) at the instance of the customer	
	5.7.1 Intra-bank	₦200 (One-off)
	5.7.2 Inter- bank	₦200 (one-off) plus recurring external transfer cost applicable (correspondent bank charge)
5.8	Direct Debit	Correspondent bank's charge plus ₦50
5.9	Safe Custody	Negotiable
5.10	Stopped cheques	₦500.00 per order

SECTION 6: ELECTRONIC BANKING

	DESCRIPTION	RATE
6.1	Internet Banking Token:	
	6.1.1 Hardware Token	Maximum of ₦3,000 (one-off charge)
	6.1.2 Software Token (OTP)	No Charge
	6.1.3 Hardware Token Replacement	Maximum of ₦3,000 Customer to bear cost only in the event of physical damage or lost token
6.2	Electronic Funds Transfer:	
	6.2.1 Below N10,000,000	₦100
	6.2.2 ₦10,000,000 and above	₦500
	6.2.5 Bills Payment	Negotiable subject to a maximum of the lower of 0.75% of transaction amount or ₦1,200 (Biller/Merchant to pay)
	6.2.6 Usage of USSD Code for transactions	No charge Only applicable transfer/transaction charges apply
6.3	Debit Card Charges:	
	6.3.1 Issuing Fee	N1,000 (one-off charge)
	6.3.2 ATM Bill Payment	N100
	6.3.3 Debit card maintenance charges	N100/Month, applicable only to month card is used
	6.3.4 Prepaid card loading/unloading	No charge
6.4	ATM Transactions:	
	6.4.1 Within the bank	No charge

	6.4.2 On other banks ATMS	₦65 after the third withdrawal within the same month
	6.4.3 On approved Independent ATMs	No charge
6.5	Mobile Payments:	
	6.5.1 Interbank/Inter-Scheme Funds Transfer	₦100
	6.5.2 Intra-bank/Intra-Scheme Funds Transfer	₦100
	6.5.3 Bill payment	₦100
	6.5.4 Cash-out Agent (to be borne by the sender)	₦100
	6.5.5 Cash-out Branch (to be borne by the sender)	₦100
	6.5.6 Mobile Money Card Reissue	₦300
	6.5.7 Deposit at Agent	₦100
6.6	Point of Sales (PoS):	
	6.6.1 General Merchant	0.75% of transaction value subject to a maximum of ₦1,200
	6.6.2 Hotels	Negotiable subject to a maximum of 3% of transaction value
	6.6.3 Airline operators	Negotiable subject to the lower of 1.25% of transaction value or ₦2,000
6.7	Bulk Payments Electronic Funds Transfer:	
	6.7.1 Salary payment	Negotiable subject to a maximum of ₦100 per employee payable by the employer
	6.7.2 Vendor payments (payable by the vendor)	₦100

	6.7.3 Single payments	No charge
	6.7.4 Utility payments	No charge
	6.7.5 Tax payments	No charge
6.8	Mandatory alert - either SMS or email depending on customer's preference:	
	6.8.1 SMS alert Fees on alerts are restricted to only customer induced transactions	NCC Rate. Only applicable to transactions directly induced by customers. All associated charges relating to a particular transaction should be consolidated into a single sms alert.
	6.8.2 Email notification	No charge

SECTION 7: MISCELLANEOUS

	DESCRIPTION	RATE
7.1	PIN reissue	₦100
7.2	PIN reset	No charge
7.3	Reactivation of accounts	No charge
7.4	Closure of Accounts	No charge
7.5	Insurance Premium paid on behalf of customers	Exact Premium (Customer to negotiate with the insurance company)
7.6	Issuance of statement of account:	
	7.6.1 Mandatory monthly issuance of statement of account on current and savings accounts MFB and customer should agree on mode of transmission of statement (pick options from uniform account opening form)	No charge
	7.6.2 Special request for statement of account (request in a manner other than agreed on mandatory issuance)	Maximum of ₦50 per page
7.7	Business Visit	No charge
7.8	Status enquiry at the request of customer (e.g. Confirmation Letter, Embassy Letter, Reference Letter, Letter of Indebtedness/Non-indebtedness etc.)	₦500 per request.
7.9	Verification of customers' documents with Government Agencies:	
	7.9.1 Search at Corporate Affairs Commission (CAC), land registry, Legal Search, etc	Cost recovery

	7.9.2 Obtaining Certified True Copy (CTC)	Cost recovery
	7.9.3 Perfection of security for credit facilities, Deed of Assignment, Deed of Release etc.	Cost recovery
7.10	Issuance of withdrawal Booklet/Passbook	Cost recovery
7.11	Customized deposit booklet	Negotiable
7.12	Over-the-counter cash withdrawals below the limit set by the CBN cash withdrawal/lodgment policy	No charge
7.13	Inter-branch cash Deposits/withdrawals	No charge
7.14	Minimum amount for opening accounts	Subject to the CBN three-tiered KYC requirements

PART 2 (B): PRIMARY MORTGAGE BANKS

SECTION 1: INTEREST ON DEPOSITS

	DESCRIPTION	RATE
1.1	Current accounts (Mortgage-focused)	Negotiable
1.2	Savings accounts	Minimum of 30% of MPR p.a. (subject to a maximum of 4 withdrawals in a month)
1.3	Term Deposit Accounts	Negotiable

SECTION 2: INTEREST RATES AND LENDING FEES

	DESCRIPTION	RATE
2.1	Interest Rate on:	
	2.1.1 NHF Loan	6% per annum as prescribed for NHF loans (No additional interest is allowed). Note that the 6% is shared as follows: Contributors: 2% FMBN: 2% PMB: 2%
	2.1.2 Real Estate Construction Finance	Negotiable
	2.1.3 Mortgage Finance	Negotiable
2.2	Lending Fees	
	2.2.1 Facility Restructuring Fee (Restructuring at the instance of customer)	Negotiable, subject to a maximum of 0.50% on the outstanding amount being restructured (one off charge).
	2.2.2 Management fee: It covers processing and appraisal fee (one-off charge). Chargeable for all fresh requests granted. The charge also applies each time an additional amount is granted but only for the additional amount. No charges for requests declined.	Negotiable subject to maximum of 1% of the principal amount granted (one off charge).
	2.2.3 Renewal Fee: Chargeable for renewals granted. No charges for requests declined.	Negotiable subject to maximum of 0.5% (one-off charge per renewal)

	<p>2.2.4 Penal/Default rate for Late Repayment of loans</p> <p>NOTE: Seven (7) days shall be allowed within which there will be no penal charge on late repayments.</p>	<p>1% flat on unpaid instalment per month in addition to charging current rate of interest on outstanding debt (without prejudice to the provisions of the Revised Guidelines for PMBs in Nigeria)</p>
	<p>2.2.4 Commitment Fee:</p> <p>A fee charged by a financial institution for an undisbursed facility in order to keep the line of credit open</p>	<p>Negotiable, subject to a maximum of 1% of the Undisbursed amount (one-off charge)</p>
	<p>2.2.5 Advisory/Consultancy fee</p>	<p>Negotiable. But only applies where there is a written advisory/consultancy agreement between the bank and the customer</p>
	<p>2.2.6 Credit Reference Reports</p> <p>NOTE: Applicable for only customer-induced credit reference reports.</p>	<p>Cost recovery</p>
2.3	Charges for Consortium Lending	
	<p>2.3.1 Agency Fee</p>	<p>Negotiable</p>
	<p>2.3.2 Management Fee</p>	<p>Negotiable</p>
	<p>2.3.3 Commitment/Non-Drawing Fee</p>	<p>Negotiable subject to a maximum of 1% of the undisbursed amount</p>
	<p>2.3.4 Renewal Fee</p>	<p>Negotiable, subject to a maximum of 0.5% of the principal</p>
	<p>2.12.5 Commission charges for underwriting services</p>	<p>Negotiable</p>
	<p>2.12.6 Participation Fee to be shared by PMBs</p>	<p>Negotiable</p>

SECTION 3: CURRENT ACCOUNT MAINTENANCE FEE

	DESCRIPTION	RATE
3.1	Current Account Maintenance fee:	
	3.1.1 Current Account Maintenance Fee applies to customer-induced debit transactions on current accounts. The banks should not charge Current Account Maintenance fee on returned outward clearing cheques, reversal of transactions and all bank-induced debits	Negotiable subject to a maximum of N1 per mille
	3.1.2 Loan repayment	No charge
	3.1.3 Debit representing transfer to another account of the same customer in the same bank	No charge
	Cost of Cheque Books:	
3.2	Cheque Books	Full recovery of cost
3.3	Counter Cheque	N 100 per leaflet

SECTION 4: MISCELLANEOUS

	DESCRIPTION	RATE
4.1	Reactivation of accounts	No charge
4.2	Closure of Accounts	No charge
4.3	Insurance Premium paid on behalf of customers	Exact Premium (Customer to negotiate with the insurance company)
4.4	Issuance of statement of account:	
	4.4.1 Mandatory monthly issuance of statement of account on current and savings accounts PMB and customer should agree on mode of transmission of statement (pick options from uniform account opening form)	No charge
	4.4.2 Special request for statement of account (request in a manner other than agreed on mandatory issuance)	Maximum of N50 per page
4.5	Reimbursement for business visit	No charge
4.6	Status enquiry at the request of customer (e.g. Confirmation Letter, Embassy Letter, Reference Letter, Letter of Indebtedness/Non-indebtedness etc.)	₦500 per request.
4.7	Verification of customers' documents with Government Agencies:	
	4.7.1 Search at Corporate Affairs Commission (CAC), land registry, Legal Search, etc.	Cost recovery
	4.7.2 Obtaining Certified True Copy (CTC)	Cost recovery

	4.7.3 Perfection of security for credit facilities, Deed of Assignment, Deed of Release e.t.c.	Cost recovery
4.8	Issuance of withdrawal Booklet/Passbook	Cost recovery
4.9	Customized deposit booklet	Negotiable
4.10	Over-the-counter cash withdrawals below the limit set by the CBN cash withdrawal/lodgment policy	No charge
4.11	Inter-branch cash Deposits/withdrawals	No charge
4.12	Minimum amount for opening accounts	Subject to the CBN three-tiered KYC requirements
4.13	Mandatory alert - either SMS or email depending on customer's preference:	
	4.13.1 SMS alert Fees on alerts are restricted to only customer induced transactions	Not more than NCC rate (Fees on alerts are restricted to only customer induced transactions). All associated charges relating to a particular transaction should be consolidated into a single sms alert.
	4.13.2 Email notification	No charge

PART 2 (C): FINANCE COMPANIES

SECTION 1: INTEREST ON BORROWINGS

	DESCRIPTION	RATE
1.1	Borrowings	Negotiable

SECTION 2: INTEREST RATES AND LENDING FEES

	DESCRIPTION	RATE
2.1	Interest Rate on Loans and Advances	Negotiable
2.2	Lending Fees	
	2.2.1 Facility Restructuring Fee (Restructuring at the instance of customer)	Negotiable, subject to a maximum of 0.50% on the outstanding amount being restructured (one off charge).
	2.2.2 Management fee: It covers processing and appraisal fee (one-off charge). Chargeable for all fresh requests granted. The charge also applies each time an additional amount is granted but only for the additional amount. No charges for requests declined.	Negotiable subject to maximum of 1% of the principal amount granted (one off charge).
	2.2.3 Renewal Fee: Chargeable for renewals granted. No charges for requests declined.	Negotiable subject to maximum of 0.5% (one-off charge per renewal)
	2.2.4 Penal/Default rate for Late Repayment of loans NOTE: Seven (7) days shall be allowed within which there will be no penal charge on late repayments.	1% flat on unpaid installment per month in addition to charging current rate of interest on outstanding debt (without prejudice to the provisions of the Revised Guidelines for PMBs in Nigeria)
	2.2.4 Commitment Fee: A fee charged by a financial institution for an undisbursed facility in order to keep the line of credit open	Negotiable, subject to a maximum of 1% of the Undisbursed amount (one-off charge)

	2.2.5 Advisory/Consultancy fee	Negotiable. But only applies where there is a written advisory/consultancy agreement between the bank and the customer
	2.2.6 Credit Reference Reports NOTE: Applicable for only customer-induced credit reference reports.	Cost recovery
2.3	Charges for Consortium Lending	
	2.3.1 Agency Fee	Negotiable
	2.3.2 Management Fee	Negotiable
	2.3.3 Commitment/Non-Drawing Fee	Negotiable subject to a maximum of 1% of the undisbursed amount
	2.3.4 Renewal Fee	Negotiable, subject to a maximum of 0.5% of the principal
	2.12.5 Commission charges for underwriting services	Negotiable
	2.12.6 Participation Fee to be shared by Financial Companies	Negotiable

SECTION 3: MISCELLANEOUS

	DESCRIPTION	RATE
3.1	Insurance Premium paid on behalf of customers	Exact Premium (Customer to negotiate with the insurance company)
3.2	Business visit	No charge
3.3	Verification of customers' documents with Government Agencies:	
	3.3.1 Search at Corporate Affairs Commission (CAC), land registry, Legal Search, etc.	Cost recovery
	3.3.2 Obtaining Certified True Copy (CTC)	Cost recovery
	3.3.3 Perfection of security for credit facilities, Deed of Assignment, Deed of Release e.t.c.	Cost recovery

PART 3 - GLOSSARY

TERMS	DEFINITION
Access fees	These are fees charged by a financial institution for access to its network or distribution/transmission system.
Accepting bank/paying bank	<p>Bank which accepts a Bill of Exchange by counter-signing or endorsing it and thus incurs the legal obligation of paying the bills amount on its maturity date.</p> <p>The bank nominated in a letter of credit to accept or pay drawings under that letter of credit. It can be either the Issuing or the Advising/Confirming Bank.</p>
Advance Payment Guarantee	A guarantee that enables the buyer to recover an advance payment made under a contract or order if the supplier fails to fulfill its contractual obligations. It is also an irrevocable commitment by a bank to make payment if a third party fails to supply specific goods or services.
Advising	Act of conveying the terms and conditions of a letter of credit to the beneficiary. The Advising Bank is the issuing bank agent, usually located in the beneficiary country. Advising also involves authentication i.e. the Advising Bank should take reasonable care to check the apparent authenticity of the credit (UCP600 Art 9).
Advising Bank	The bank, usually in the exporter's country, which advises the terms of the letter of credit to the exporter (this need not be the exporter's own bank).
Advising Commission	In inward letters of credit (export), this charge arises when a local bank simply verifies the authenticity of the credit and delivers same.
Advisory/Consultancy fees	Fees charged by financial institutions where there is an agreement for advisory services.
Amendment	Alteration to the terms of a letter of credit; amendments must stem from the applicant, be issued and advised to the beneficiary; the beneficiary has the right to refuse an amendment.
Annual Percentage Rate	It is a standardized method of quoting the effective interest rate (actual cost of credit) on loans and advances. It includes all fees and takes into account the continual reduction of the principal amount through amortization.
Applicant	One who applies to his bank to issue a letter of credit; in the majority of credits issued the applicant is an importer of goods.

TERMS	DEFINITION
Appraisal fees	This is the fee charged by a professional to estimate the market value of a property. This is usually charged as a fixed amount or a percentage of the estimated value.
Assignment of Proceeds	The assignment (transfer) by the exporter to their right to part or all of the proceeds of a letter of credit to a third party (usually the supplier of the goods).
Back-to-Back Letter of Credit (LC)	Back to Back letter of credit is an irrevocable LC which serves as collateral for another LC. The advising bank of the first LC becomes the issuing bank of the second LC. It is also called counter credit or reciprocal LC.
Bank Guarantee	A type of guarantee in which a bank promises to repay the liabilities of a debtor in the event that the debtor is unable to pay. The guarantee is usually on the bank's letter-headed paper and is signed/sealed in line with the agreed terms.
Bankers Acceptance	A BA is a draft drawn on and accepted by a bank, unconditionally ordering payment of a certain sum of money at a specified time in the future to the order of a designated party. Since the instrument is negotiable, title to it is transferred by endorsement. It is a marketable instrument and allows a bank to finance its customers without necessarily utilizing its loanable funds. Instead, funds are provided by investors who are willing to purchase these obligations on a discounted basis.
Beneficiary	A payee or recipient, usually of money. A party in whose favour a letter of credit is established, usually the exporter.
Bid/Tender Bond or Bid Security	A bond/document purchased by a company or individual (bidding on a large project or sale) in order to demonstrate that the company has sufficient funds to complete the transaction for the price quoted in the bid, should the company be selected to execute that transaction. The bond/document guarantees that the bidder will not be prevented from fulfilling the contract by availability of funding.
Bills for Acceptance	This is a bill drawn between the drawer and the drawee which confers liability on the drawee before a transaction can take place.
Bills for Collection	A Bill for collection provides the trading parties, i.e. buyer and seller, with a compromise between open account and advance payment terms for the settlement of import transactions.
Bills Payment	A process used by financial institutions to collect payments for utilities (such as water bills, cable subscription payments, etc.), usually via e-banking channels.
Card Issuance fees	Fees charged by banks for the issuance of e-cards such as ATM cards, MasterCard, etc.

TERMS	DEFINITION
Cheque	A negotiable instrument drawn against deposited funds, to pay a specific amount of money to a specific person upon demand. Examples include bills of exchange and drafts.
Cheque Indemnities	This the assurance issued by the drawee to a third party, stating that the drawee will honour a cheque issued by a drawer in the event of the inability of the drawer to effect the payment of the cheque.
Clean Bill	A bill of lading issued by a carrier declaring that the goods have been received in an appropriate condition, without the presence of defects. The product carrier will issue a clean bill after thoroughly inspecting the packages for any damage, missing quantities or deviations in quality.
Collection Charge on Cheques	The fee which a financial institution charges for the collection of money from the account of the drawer.
Collecting Bank	The bank to which a person has deposited a cheque. Such a bank has the duty to collect the money from the account of the writer of the cheque.
Commercial Papers	A Commercial Paper is an unconditional promise by a person to pay to the order of another person a certain sum at a future date. Such an instrument may or may not carry the bank's guarantee.
Commitment Fees	A fee charged by a financial institution for an undisbursed facility in order to keep the line of credit open.
Commission on Transaction	A fee charged by a financial institution for facilitating a withdrawal by its customer.
Confirming/Confirmation	Act of a bank other than the Issuing bank assuming the liability for honouring a letter of credit following receipt of a complying presentation. Confirmation is normally added at the request of the Issuing Bank.
Confirming Bank	The bank which adds its 'confirmation' (or irrevocable undertaking to pay) to that of the Issuing Bank. If no confirmation is added the letter of credit is unconfirmed.
Contingent Liability	A liability that arises only under specified conditions, e.g. When a bank opens a letter of credit it incurs an obligation to make a future payment on condition that the terms are fully met.
Counter Cheque	This is a bank printed cheque provided to customers whose cheques are not available at the point of withdrawal from the current/checking account.
Credit Bureau	This is a company that collects information from various sources and provides consumer credit information on individual consumers for a variety of uses.

TERMS	DEFINITION
Credit Reference Report	A report containing detailed information on a person's credit history including identifying information, credit accounts and loans, bankruptcies and late payments, as well as recent inquiries. It can be obtained by prospective lenders with the borrower's permission to determine his/her credit worthiness.
Daily Balance	The closing balance in a savings or deposit account in any given day.
Default Rate	This is the interest rate that financial institutions charge for failure of their customers to make payments on loan obligations as at when due, including late payments to their credit lines.
Discountable Instruments	These are investable instruments such as Treasury bills and other Federal Government short term debt instruments in which interest is earned upfront. Liquidity is guaranteed by the CBN for these instruments and is redeemable at any point in time through any authorized dealer (Banks and discount houses)
Discrepancy	Any deviation from the terms and conditions of a letter of credit, or the documents presented there under, or any inconsistency between the documents themselves.
Documentary Bill	Often used in international trading to mean a bill of exchange or commercial draft that is presented for payment usually along with other required documents such as certificate of insurance and certificate of origin.
Endorsement	The legal transfer of title of a document by signature, usually, but not necessarily, on the reverse.
Equipment Leasing	This refers to an arrangement that allows one party to purchase an equipment and then lease it to another party for an agreed upon cost. Usually the ownership of the equipment remains with the purchaser with an option to be transferred to the lessor upon the expiration of the lease period and upon the possible exercise of a buyout clause.
Establishment Commission	Is a commission charged when a bank initiates an outward letter of credit under import.
Expiry Date	Last date on which the beneficiary can fulfill the terms of an agreement, failing which the agreement becomes invalid.
Facility Restructuring fee	Fee charged where there is an agreement to change the terms and conditions of existing facility. This will usually apply when there is an extension, enhancement or need to renegotiate a facility.
Foreign Cheque Purchase	This is a service in which value is given on a foreign cheque deposited into an account before the cheque clearing processes are completed.

TERMS	DEFINITION
Form M	This is an application form to import goods into Nigeria, the form is processed through any authorized dealer bank irrespective of the value of the goods and whether payment is involved or not.
FPRD	Financial Policy and Regulation Department – A department in the CBN.
Handling Commission	Banking commission charged in processing both outward and inward letters of credit.
Honour	The discharge by a bank of its obligations under a letter of credit following its receipt of documents that comply with the terms of the letter of credit, UCP600 and standard international banking practice. This is done by paying at sight if the credit is available by sight payment, incurring a deferred payment undertaking and paying at maturity if the credit is available by deferred payment or accepting a bill of exchange drawn by the beneficiary and paying at maturity if the credit is available by acceptance.
Issuing Bank	The bank that opens a letter of credit at the request of its customer, the applicant.
Indemnities	An undertaking given to compensate for (or to provide protection against) injury, loss, incurred penalty or from a contingent liability.
Insurance Debt	Payment of insurance premium on behalf of the bank customer to the insurance company.
Inward telegraphic transfer	This is the receipt of funds by SWIFT/Telex from an overseas party. It allows the receipt of funds in various currencies all over the world.
Letters of credit	A written commitment to pay, by a buyers or importers bank (called the issuing bank) to the sellers or exporters bank (called the accepting bank, negotiating bank or paying bank). LCs guarantees a payment of a specified sum in a specified currency provided the seller meets precisely defined conditions and submits the prescribed documents within a fixed time frame.
Maintenance Fee	Banking fee on electronic cards charged annually in line with agreement where applicable.
MPR (Monetary Policy Rate)	This is the baseline interest rate set by the CBN to control the amount of money in circulation at any given time. A higher MPR shrinks money supply while a lower MPR expands money supply.
NEFT (NIBSS Electronic Funds Transfer)	This is an electronic payment system that enables the execution of transfer instruction between banks on the NIBSS platform.

TERMS	DEFINITION
Negotiation	Negotiation means the purchase by the nominated bank of drafts (drawn on a bank other than the nominated bank) and/or documents under a complying presentation, by advancing or agreeing to advance funds to the beneficiary on or before the banking day on which the reimbursement is due to the nominated bank. Mere examination of the documents without giving value does not constitute a negotiation.
Negotiable Loan/contract	A negotiable loan/contract is one whose terms can be decided by agreement between the parties to the loan/contract.
Negotiation of Documents	Refers to a situation where LC documents are scrutinized as per international standard of scrutiny and discrepancies are found with the LC terms. The negotiating bank may opt to give value by paying or incurring a deferred payment obligation as per the LC provided the beneficiary undertakes to indemnify the negotiating bank in the event of rejection of the LC by the opening bank.
NIBSS (Nigeria Inter-bank Settlement System)	This is an institution that provides the infrastructure for automated processing, settlement of payments and fund transfer instruction between banks, discount houses and card companies in Nigeria. It is owned by deposit money banks and the CBN. Discount houses also have shares.
OD (Overdraft)	Loan arrangement under which a bank extends credit up to a maximum amount (called overdraft limit) against which a current (checking) account customer can write cheques or make withdrawals.
Past Due	Bill or loan that has not been paid on the maturity date/due date.
Payroll Solution	This is a computerized payroll software that performs payroll processing duties such as salary payments, wage deductions, tax calculations etc.
Per Mille	This means a tenth of a percent or one part of a thousand. It is computed as 1/1000 or 0.001%.
Performance Bond	A written guarantee from a third party guarantor (usually a bank) submitted to a principal (client or customer) by a contractor to ensure the payment of a sum of money (usually covering 100% of the contract sum) in case the contractor fails in the full performance of the contract.
Presentation	Act of requesting the importer's payment/ acceptance of an import bill or, in UCP600 terminology, either delivery to the Issuing Bank, Confirming Bank or other Nominated Bank of documents for honour under a letter of credit, or the documents so delivered.
Prevailing Interest Rate	A term used by financial institutions to describe the average interest rate being charged by lending institutions.

TERMS	DEFINITION
Processing Fees	Money paid to lenders by borrows for collecting needed information to setup credit facilities.
Promissory Notes	Is a written, signed unconditional promise by one party (the issuer) to pay a determinate sum of money to the other (the payee) either at a fixed or determinate future time or on demand by the payee under specific terms.
Revalidation	Official approval or confirmation of a document after a change has been effected on the same document.
Revolving Credit	A credit automatically reinstated after each drawing or upon receipt of authorization from the letter of credit issuing bank, with limits as to the duration of the facility and as to the (cumulative or non-cumulative) amount involved for each drawing.
Sight	A bill payable at sight is payable on presentation to the drawee, i.e. on demand.
Standby Credit	This may be established as security for facilities granted at another branch or bank, usually to a subsidiary of the standby letter of credit applicant.
Usance Bill	A Bill of Exchange which allows the drawee a term or period of credit (this period is also called usance). The term is usually stated in days (e.g. 30 days) or months and starts either from the date of the bill (e.g. 30 days date) or from the date of bill of lading, or from sight by the drawee (e.g. 30 days sight) which in practice means from the date of acceptance.
Unauthorized OD	If an account becomes overdrawn without the bank's prior permission (that is: go into an unauthorized overdraft or exceed your authorized overdraft limit) the bank will impose penalty charges. e.g late repayment of Loan facility.

PART 4 - MINIMUM DISCLOSURE REQUIREMENTS IN OFFER LETTERS FOR CREDIT FACILITIES /LOANS

GENERAL REQUIREMENTS

S/N		
1	Name of borrower	This includes the name of the borrower.
2	Contact details of the borrower	This should clearly state the address (location), telephone number, email, etc. of the borrower.
3	Credit type	This states the type of facility approved for the borrower.
4	Purpose of the credit	This states the reason for which the facility is granted.
5	Amount	This is the amount approved for the facility.
6	Collateral	The bank should disclose the asset pledged by the borrower as security for the facility (e.g. shares, landed property, cash, etc.).
7	Loan tenor	This spells out the approved duration for the facility.
8	Interest rate	This is the annual interest rate to be charged by the bank on the amount outstanding (except for overdrafts).
8	Variable rate information	This should clearly state the possibility of changes in rates in line with money market conditions. It should include notification and time lines for concurrence by customers to the changes. The new rates (both increase and decrease) can only apply 48 hours after the notification. The variable rate information should also outline the bank's responsibilities in the event of such movements in rates.
9	Fees and commissions	The fees and commissions are as contained in the Guide. These should be stated in percentage and Naira terms.
10	Repayment terms	This should state the frequency (i.e. monthly, quarterly, bullet etc.) of repayment of principal and interest on outstanding balance. It should

		also state the date on which the repayments fall due.
11	Repayment schedule	The bank should provide in details, the periodic amounts to be repaid by the borrower within the tenor of the facility.
12	Early Liquidation Terms	This includes all information the borrower needs to know, including rights/obligations, or penalties, in the event of liquidation of the facility, before the expiry date, in line with Guide.
13	Late repayment	This should detail all penalties that will be borne by the borrower in the event of default, in line with the Guide.
14	Grace period	<ul style="list-style-type: none"> a. Seven (7) days shall be allowed within which there will be no penal charge on late repayments. b. Seven (7) days from the date of execution, shall be allowed within which loan contracts can be rescinded.
15	Insurance requirements (where applicable)	The bank is expected to disclose the nature of insurance policy required for the facility.
16	Conditions precedent to drawdown	This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, acceptance of loan offer letter, etc.

1. CONSUMER LOANS

This encompasses the various types of loans given to individuals either to finance the acquisition of an asset or to execute personal projects. Some of these loans are unsecured and are based on the borrower's ability to repay.

- (a) Unsecured personal loans;
- (b) Secured personal loans;
- (c) Computer loans;
- (d) Auto loans;
- (e) Other forms of bridging finance availed to borrowers.

S/N	DISCLOSURE REQUIREMENT	
1	Name and address of creditor	This includes the name, address and day-time contact details of the

		borrower.
2	Item financed	This states the consumer good(s) to which the bank is financing.
3	Itemization of amount financed	This gives a breakdown of the item(s) being financed.
4	Annual percentage rate (APR)	This is the interest rate which will be charged by the bank on the amount disbursed.
5	Variable rate information	This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer.
6	Payment schedule	The bank should also disclose with details, all necessary repayment information including the monthly, quarterly or other repayment sums as was agreed with the borrower.
7	Prepayment Terms	This includes all information the borrower needs to know during the consummation of the facility, such as the customer's rights (and penalties) in the event of his decision to pay off the facility before its expiration, etc.
8	Late payment policy	This should detail all penalties that will be suffered by the borrower in the event of default.
9	Collateral	The bank will be required to disclose the property, goods, shares and/or other assets pledged by the borrower as security for the facility.
10	Insurance requirements (where applicable)	The bank is expected to disclose the nature of insurance policy required for the facility.
11	Repayment terms	This includes all information the borrower needs to know before the consummation of the facility, which includes information such as the bank's right to call in the facility (in the event of certain occurrences), etc.
12	Loan tenor	This spells out the approved duration for the facility.
13	Conditions precedent to drawdown	This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc.

2. MORTGAGE LOANS

S/N	DISCLOSURE REQUIREMENT	
1	Name and address of creditor	This includes the name, address and day-time contact details of the borrower.
2	Description property financed	This should describe location and other features of property being financed by the bank.
3	Itemization of amount financed	This gives a breakdown of the item(s) being financed.
4	Annual percentage rate (APR)	This is the interest rate which will be charged by the bank on the amount disbursed.
5	Variable rate information	This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer.
6	Payment schedule	The bank should also disclose with details, all necessary repayment information including the monthly, quarterly or other repayment sums as was agreed with the borrower.
7	Prepayment Terms	This includes all information the borrower needs to know during the consummation of the facility, such as the customer's rights (and penalties) in the event of his decision to pay off the facility before its expiration, etc.
8	Late payment policy	This should detail all penalties that will be suffered by the borrower in the event of default.
9	Collateral	Usually, the security for the loan is the property being financed.
10	Insurance requirements (where applicable)	The bank is expected to disclose the nature of insurance policy required for the facility.
11	Repayment terms	This spells out the approved duration for the facility.
12	Loan tenure	This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc.

3. OVERDRAFTS

S/N	DISCLOSURE REQUIREMENT	
1	Name and address of creditor	This includes the name, address and day-time contact details of the borrower.
2	Reason for the loan	This should describe the customer's needs which the overdraft is aimed to finance.
3	Overdraft limits	The limits on the OD line should be clearly stated.
4	Annual percentage rate (APR)	This is the interest rate which will be charged by the bank on the amount disbursed.
5	Variable rate information	This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer.
6	Late payment policy	This should detail all penalties that will be suffered by the borrower in the event of default.
7	Collateral	Usually, the security for the loan should be clearly stated.
8	Insurance requirements (where applicable)	The bank is expected to disclose the nature of insurance policy required for the facility.
9	Repayment terms	This spells out the approved duration for the facility.
10	Loan tenure	This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc.

MINIMUM DISCLOSURE REQUIREMENTS FOR CONTINGENT LIABILITIES

PRODUCTS	DISCLOSURE REQUIREMENTS
Bid Bond	<ul style="list-style-type: none"> - Bank should issue offer letter stating all terms and conditions; - Where customer provides cash – Place in an investment account at an agreed rate; - Where bank provides funds – Parties should agree on a rate; - Transaction dynamics
Performance Bond	<ul style="list-style-type: none"> - Issue offer letter stating all terms and conditions, based on risk assessment
Advance Payment Guarantee	<ul style="list-style-type: none"> - Issue offer letter stating all terms and conditions, specifically utilization of proceeds to be received; - Appointment of quantity surveyor/expert
Bank Guarantee	<ul style="list-style-type: none"> - Issue offer letter stating all terms and conditions, most importantly when risk crystallizes; - Move to investment account, where customer provides funds.
Indemnities	<ul style="list-style-type: none"> - Issue offer letter stating all terms and conditions and specify when risk crystallizes.