BSD/DIR/GEN/LAB/12/070

January 7, 2020

LETTER TO ALL BANKS

RE: REGULATORY MEASURES TO IMPROVE LENDING TO THE REAL SECTOR OF THE NIGERIAN ECONOMY

The Central Bank of Nigeria’s (CBN) regulatory directives contained in its circulars dated July 3, 2019, ref. BSD/DIR/GEN/MDD/01/045 and September 30, 2019 ref BSD/DIR/GEN/LAB/12/049 refers.

The CBN has noticed remarkable increase in the size of gross credit by the Deposit Money Banks (DMBs) to customers. Accordingly, the CBN has decided to retain the minimum 65% Loan Deposit Ratio (LDR) in the interim. All DMBs are required to maintain this level and are further advised that average daily figures shall be applied to assess compliance going forward.

The incentive which assigns a weight of 150% in respect of lending to SMEs, Retail, Mortgage and Consumer Lending shall continue to apply while failure to achieve the target shall continue to attract a levy of additional Cash Reserve Requirement of 50% of the lending shortfall of the target LDR on or before March 31, 2020.

DMBs are further encouraged to maintain strong risk management practices regarding their lending operations.

The CBN shall continue to monitor compliance, review market developments and make further alterations in the LDR as it deems appropriate.

Yours faithfully,

[Signature]

AHMAD ABDULLAHI
DIRECTOR OF BANKING SUPERVISION