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Central Bank of Nigeria

Bankers' Committee Release

CBN Goes Tough on Exporters Over Forex Non-Repatriation

As part of its effort to increase foreign exchange liquidity in the country, the Central Bank of Nigeria (CBN) has directed all banks in the country to submit the names, addresses and Bank Verification Numbers (BVN) of exporters that have defaulted in repatriating their exports proceeds, for further action.

The directive issued by the CBN Governor, Mr. Godwin Emefiele, on Tuesday, August 25, 2020, during the Bi-monthly virtual meeting of the Bankers' Committee, comes barely 24 hours after the Bank announced the abolition of third-party "Form M" payment.

The move by the CBN followed the adoption of the strategy to discourage over-invoicing, which some businesses have allegedly used to divert foreign exchange from the country, through the opening of "Forms M" for which payment are routed through a buying company, agent, or other third parties.

The statement signed by the Bank's Director of Trade and Exchange, Dr. Ozoemena Nnaji, had also explained that the directive was aimed at ensuring prudent use of Nigeria's foreign exchange resources and the elimination of incidences of over-invoicing, transfer pricing, double handling charges and avoidable costs that are ultimately passed to the average Nigerian consumer.

It will be recalled that the CBN, in the past, had also warned exporters conducting export activity against diverting foreign exchange from the export proceeds, instead of repatriating same home.

The Bank, in collaboration with the Bankers' Committee, had threatened heavy sanctions against exporters who failed to repatriate foreign exchange proceeds from their international business. The CBN stressed that its Foreign Exchange Manual provided that all exporters should repatriate export proceeds back to the country to support the local currency and boost the economy.

Meanwhile, analysts say that a number of punitive options are open to the CBN, including, but not limited to, barring the exporters from the foreign exchange market and other banking services.