



**Remarks by the Governor, Central Bank of Nigeria (CBN), Mr. Godwin Emefiele,
CON on Improving Remittance Inflows into Nigeria. Thursday, December 3, 2020**

(Protocols)

Over the past few days, the Central Bank of Nigeria (CBN) has announced new policy measures in the country's remittance programme, which are designed to boost and facilitate an efficient flow of remittances sent home by Nigerians in the Diaspora. These changes are as a result of our internal review of the operations of International Money Transfer Operators (IMTO) in the country and the potential impact improved flows could have on our economy.

At this point, I believe it is important to provide a brief review of the history of IMTOs in the country along with the policy actions that have been taken in the past by the Central Bank of Nigeria. In 1996, following the promulgation of a new law which exempted remittances from taxes, the first remittance programme by an IMTO was launched in Nigeria. This private arrangement, with limited involvement by the Central Bank of Nigeria, was between an IMTO, Western Union and First Bank of Nigeria, which was then the only Western Union agent. Indeed, I am aware that at that initial stage, Western Union dealt with only First Bank directly, while First Bank of Nigeria, in turn, had other banks as sub-agents. This programme enabled recipients of remittances to receive such funds over the counter in foreign currency, amongst other options. Following the successful launch of this programme, other money transfer organizations launched similar initiatives to provide services to the growing number of Nigerians in the Diaspora who were keen on remitting funds back to Nigeria.

However, due to issues around dollar cash availability, some of the remittance operators working with the commercial banks decided to remit funds to recipients in our local currency, at an agreed exchange rate between the banks and the IMTOs.

In 2016, the CBN, in an effort to increase remittance inflows and improve the number of formal channels under which Nigerians in the Diaspora could remit funds, launched a licensing regime to guide the conduct and operations of IMTOs. As a result of this new policy measure, 65 International Money Transfer Operators were licensed by the CBN for inbound remittances.

Given the estimated annual remittance inflow of close to \$24bn, which could help in improving our balance of payment position, reduce our dependence on external borrowing and mitigate the impact of COVID-19 on foreign exchange inflows into the country, the CBN sought to find ways to support improved remittance inflows into the country through official channels.

Based on this premise, we analyzed data on IMTO inflows into the country over the past year, and through our investigations discovered that some IMTOs, rather than compete on improving transaction volumes and create more efficient ways for Nigerians in the Diaspora to remit funds, resorted to engaging in arbitrage arrangements on the naira-dollar exchange rate, which to a large extent resulted in a significant drop in flows into the country. It also encouraged the use of unsafe unofficial channels, which also supported diversion of remittance flows meant for Nigeria, thereby undermining our Foreign Exchange management framework.

As a result, in an effort to boost remittance inflows and foster an environment that would enable faster, cheaper, and more convenient flow of remittances back to Nigeria, the Central Bank of Nigeria, on November 30, 2020, announced a new policy initiative, which would help to support these objectives. Please permit me to apprise you with the content of the new policy measures.

Amendment to Procedures for Receipt of Diaspora Remittances

In an effort to liberalize, simplify and improve the receipt and administration of Diaspora remittances into Nigeria, the Central Bank of Nigeria (CBN) wishes to announce as follows:

- Beneficiaries of Diaspora Remittances through International Money Transfer Operators (IMTOs) shall henceforth receive such inflows in foreign currency (US Dollars) through the designated bank of their choice.
- Such recipients of remittances may have the option of receiving these funds in foreign currency cash (US Dollars) or into their ordinary domiciliary account.

These changes are necessary to deepen the foreign exchange market, provide more liquidity, and create more transparency in the administration of Diaspora Remittances into Nigeria. In addition, these changes would help finance a future stream of investment opportunities for Nigerians in the Diaspora, while also guaranteeing that recipients of remittances would receive a market-reflective exchange rate for their inflows.

All Authorized Dealers and the general public should note that beneficiaries shall have **unfettered access and utilization to such foreign currency proceeds**, either in FX cash and/or in their Domiciliary Accounts, in line with our circular TED/FEM/FPC/GEN/01/010.

Ladies and Gentlemen, In the course of following up on the implementation of the aforementioned new policies, the CBN observed some pushback by some of the IMTOs who were bent on undermining the new policies. This was the reason the CBN had to insist on Wednesday, December 2, 2020, that all DMBs MUST close all Naira General Ledgers through which the Naira remittances were hitherto being carried out.

Following the announcement of these new policy measures, the Central Bank of Nigeria, in an effort to enable smooth implementation, engaged with the commercial banks and the IMTOs to ensure that recipients of remittance inflows are able to receive their funds in the designated foreign currency of their choice. As a result of these engagements which took place with major IMTOs and the DMBs, today, Thursday, December 3, 2020, the stakeholders have committed that they would deploy all the necessary tools to ensure that these measures become effective from Friday, December 4, 2020. I therefore seize this opportunity to announce to Nigerians both at home and in the Diaspora, that the policy of recipients receiving their monies from abroad kicks off on December 4, 2020. All the IT systems of these IMTOs (Western Union, Moneygram and Ria services) and the DMBs have been properly configured to begin remittance tomorrow, Friday, December 4, 2020.

In closing, we believe that these new policy measures would help in providing a more convenient channel for Nigerians in the Diaspora to remit funds back to Nigeria, as well as ensure that these funds can contribute to the overall development of our economy.

Thank you for your attention!