



FAQs on **Current Reform** in the Bureau De Change Sub-Sector



What are the highlights of the current reforms in the Bureau De Change (BDC) Sub-Sector?





▶ The current reforms of the BDC Sub-Sector is a regulatory initiative of the CBN which categorised BDCs into Tiers, with different capital requirements as follows:

- **Tier 1 BDC:** N2 billion (Two billion Naira)
- **Tier 2 BDC:** N500 million (Five hundred million Naira)





**What other features
differentiate the two
newly introduced
categories of BDCs?**





- ▶ **Tier 1 BDC:** Can operate in any State and the FCT, and may establish branches and appoint franchisees nationwide, subject to the approval of the CBN.
- ▶ **Tier 2 BDC:** Can operate within one State of the federation or the FCT, and is permitted to establish up to 5 branches in its State of operation, subject to the approval of the CBN



Why are the Reforms necessary?





- ▶ The Reforms are an important element of the CBN's overall strategy to improve foreign exchange supply to retail users in the foreign exchange market.
- ▶ By increasing the minimum capital requirement as well as expanding their operations, the CBN seeks to boost the capacity and reach of the BDCs to enable them to meet the foreign exchange needs of their retail customers.



What are the objectives of the programme?





- ▶ The primary objective of the programme is to enhance the financial sustainability of BDCs as well as facilitate improved access to foreign exchange by retail customers.
- ▶ Another important objective of the programme is to foster the development of a properly structured and organized BDC sub-sector, which will help to checkmate the depreciation of the legal tender currency and mitigate money laundering, terrorism, and proliferation financing risks.

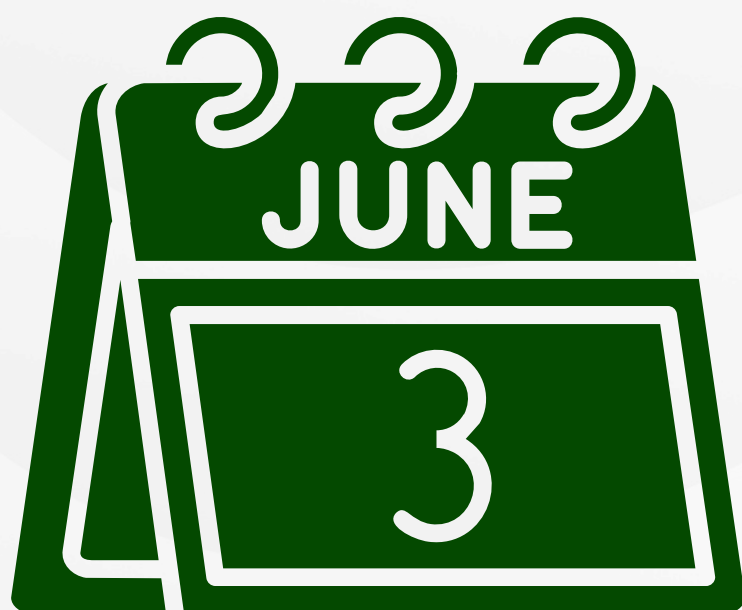


What was the effective date of the Guidelines?





- ▶ Implementation of this Guidelines commenced June 3, 2024. This implies that the CBN commenced receipt of applications from promoters on **June 3, 2024**.





How are applications submitted?





- ▶ As indicated in our Circular dated May 22, 2024, captioned **"Regulatory and Supervisory Guidelines for Bureau De Change Operations in Nigeria"**, the CBN automated the process of receipt of all applications for licence by promoters of BDCs, which has improved the turn-around time for processing of the applications.
- ▶ Accordingly, all prospective promoters of BDCs are required to visit the **CBN LARP** (Licensing, Approval and other Requests Portal) on larp.cbn.gov.ng



Who qualifies to apply for a BDC licence under this regime?





- ▶ All prospective promoters are qualified to apply, except those clearly listed as non-eligible promoters in the Regulatory and Supervisory Guidelines for Bureaux De Change Operations in Nigeria viz:
- ▶ **a.** Commercial, merchant, non-interest and payment service banks.
- b.** Financial holding companies.
- c.** Other Financial Institutions (OFIs), including International Money Transfer Operators and payment service providers.



- ▶ **d.** Serving staff of financial services regulatory and supervisory agencies.
- e.** Serving staff of regulated financial services providers.
- f.** Governments at all levels.
- g.** Public officers as defined in the 5th Schedule Part IV of the Constitution of the Federal Republic of Nigeria.
- h.** Non-Governmental Organizations.
- i.** Cooperative societies.



- ▶ **j.** Charitable organizations.
- k.** Academic and religious institutions.
- l.** Non-Nigerian natural persons.
- m.** Non-resident non-regulated companies.
- n.** Telecommunication services providers.
- o.** Sanctioned individuals and entities.
- p.** A shareholder in another BDC (whether directly or indirectly).
- q.** Any other persons that the CBN may from time to time designate



Why did the CBN provide for different tiers of BDCs?





- ▶ The categorization of BDCs into Tiers 1 & 2 was to expand their operations, allow for the establishment of branches (for Tiers 1 and 2) and franchises (for Tier 1), and remove the restriction which created stand-alone BDCs.
- ▶ It allows BDCs to operate either nationally or in one state with branches (and franchises, where applicable), in line with their licence category. Thus, BDCs may set up and operate in any location of their choice in Nigeria.
- ▶ Finally, it will also streamline the operations of BDCs as well as facilitate effective regulatory oversight by the CBN.



**Who is authorized by
the CBN to buy or sell
foreign exchange for
travel purposes from
the BDC?**





- ▶ Nigerians, Non-Nigerian Residents, and Non-Nigerian Non Residents can buy or sell foreign exchange for travel purposes from the Bureau de Change (BDCs).





How much foreign currency can a traveller purchase from a BDC?





- ▶ Travellers are allowed to purchase foreign currency in the form of Personal Travel Allowance (PTA) of **\$4000** only or Business Travel Allowance (BTA) of **\$5000** only, per quarter.





**Can a traveller receive
the full equivalent of
foreign exchange being
purchased for foreign
travel in cash?**





- ▶ Travellers going abroad can use a combination of prepaid cards and cash to receive their travel allowances.
- ▶ A beneficiary of BTA or PTA may receive up to **25% of the foreign currency in cash**, while at least **75% shall be transferred to the customer's prepaid card**.
- ▶ **Please note** that all travellers shall provide all required documentation to receive their travel allowances.



**Can Nigerian residents
travelling abroad for
foreign medical services
pay for their medical
expenses through a
BDC?**





- ▶ Yes. Nigerians travelling abroad for medical expenses can obtain foreign currency for such expenses not exceeding **\$5,000** at any BDC.
- ▶ This is possible upon submission of all required documents as stipulated in the Guidelines.
- ▶ However, where the medical expenses are above the permitted limit, the customer is advised to approach any commercial or non-interest bank for the balance of the medical expenses.



**Can Nigerian residents
pay school fees to a
foreign institution
through a BDC?**





- ▶ Yes. Nigerians schooling abroad or their sponsors can obtain foreign currency from a BDC for payment of school fees to a foreign institution, subject to a maximum of **\$10,000** in any given year.
- ▶ This is subject to submission of the documents stipulated in the Guidelines.



How will a BDC's Franchise model operate?





- ▶ A franchise is a business arrangement wherein the BDC grants its licence to a legal person to carry on operations in its name in an agreed location for a financial consideration. To operate a franchise model, the following conditions may apply, amongst others:
- ▶
- The BDC shall have a **Tier 1** licence.
 - The franchisee must be a registered company with the Corporate Affairs Commission (CAC).
 - The franchisor (the BDC granting the franchise) must have obtained approval from the Central Bank of Nigeria (CBN) to operate the franchise.
 - The franchisee must operate in the name and style of the franchisor.



**How do we
differentiate between
a street trader and a
licensed BDC?**





- ▶ A street trader is an individual or entity engaged in buying and selling of foreign currencies on the streets or public places. The activities of street traders include operating without a valid licence or authorisation. Transactions are often cash-based and may lack proper documentation.
- ▶ On the other hand, a licensed BDC is a legally authorised entity that operates within the framework set by the Central Bank of Nigeria (CBN).
- ▶ The list of licensed BDCs can be assessed from the CBN's official website.



Can a BDC Licence be transferred when the owners no longer wish to remain in the Business?





- ▶ A BDC licence or ownership is not transferable unless prior approval is obtained from the Central Bank of Nigeria (CBN). Specifically, a BDC shall not engage in the following without CBN approval:
 - any action that results in a change in the control or ownership of the BDC.
 - sale, disposal, or transfer of the whole or any part of the BDC's business or its licence.
 - amalgamation or merger of the BDC with any other entity.
 - reconstruction of capital of the BDC.
 - employing a management agent or transferring its business to such an agent.
- ▶ Any BDC intending to enter into a merger or acquisition transaction shall apply to the CBN for approval.



**Can family members
pool funds together to
obtain a licence and
operate a BDC?**



- ▶ Yes, subject to complying with the requirements stipulated in the Guidelines.





**Are BDCs allowed to
finance other trades
given their size and new
capital requirement?**



- ▶ BDCs are not allowed to carry out activities other than those expressly specified in the Guidelines.





Is there any limit for the sale of foreign exchange by customers to a BDC?





- ▶ No. there is no specific limit for the sale of foreign exchange to a BDC.
- ▶ However, BDCs are required to comply with applicable Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and Counter-Proliferation Financing (CPF) laws and regulations, by obtaining information from customers regarding the source of funds for transactions **above \$10,000**.



What is the fate of the old BDCs that were unable to meet the new licensing Guidelines?





- ▶ The Guidelines provided a transition timeline (period) of six months from the effective date, **June 3, 2024** with a deadline of **December 3, 2024**, for all existing BDCs to meet the requirement of the new Guidelines or lose their licence(s).
- ▶ However, the Management of the CBN graciously extended this deadline by another six months, which ended **June 3, 2025** to give ample time for as many legacy BDCs desirous of meeting the new requirements to do so.
- ▶ Consequently, any legacy BDC that failed to meet the requirements of the new Guidelines as at **November 30, 2025**, has ceased to be a BDC as its licence no longer exists.
- ▶ Please visit the CBN website (www.cbn.gov.ng) for the updated list of existing BDCs in Nigeria.



**Is there a deadline for
the submission of
application for BDC
licence from promoters?**





- ▶ No. The CBN continues to receive applications on its **LARP (Licensing, Approval and Requests Portal)** from prospective promoters, and those that meet the criteria will be considered for licence.
- ▶ Notwithstanding, the CBN reserves the right to discontinue the licensing of BDCs at any time.



For more information visit:
www.cbn.gov.ng
or call us on: **08176657060**