



CENTRAL BANK OF NIGERIA

PRESS RELEASE

CBN APPROVES REVISED BANKING MODEL

As part of the blue-print for reforming the Nigerian financial system which includes the **enhancement of the quality of banks, financial system stability and evolution of healthy financial sector**, the Central Bank of Nigeria (CBN), in compliance with the statutory provisions of the Banks and Other Financial Institutions Act (BOFIA) regarding the conduct of banking business has concluded the review of the universal banking model in Nigeria and issued new rules and guidelines for the envisaged new licensing regime.

The new guidelines include the following:

- Regulation on scope of Banking Business. This repeals the universal banking regime and requires banks to divest from all non-banking business. The guideline defines the new types of banking licences, permitted activities and transition timelines for restructuring.
- Special banks/institutions such as the Primary Mortgage Institutions, Microfinance Banks, Non-Interest Banks, Development Banks and Discount Houses shall continue to perform their specialized roles within the framework of existing guidelines.

All the existing universal banks are required to prepare and submit to the CBN their plans on compliance with the new banking regime not later than 90 days from October 4, 2010.

Consequently, the CBN will discontinue the issuance of universal banking licences, prohibit banks from undertaking non-banking activities while new licences are to be issued to banks to perform the following types of businesses:

- commercial banking (regional, national and international)
- merchant banking
- specialized banking (microfinance, mortgage, non interest (regional and national) and development financial institutions)

The banks should note that the responsibility for ensuring compliance with the guidelines resides with their boards and management while the CBN reserves the right to stipulate additional requirements prior to granting any approval or authorization.

It will be recalled that the CBN had in March 2010 as part of the on-going reform agenda circulated a draft exposure report detailing its intent to modify the current banking model/arrangement and defining a new banking license regime, going forward. Comments from key industry operators/stakeholders were received, considered and served as input towards the finalization of the exposure draft document.

SIGNED;
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HEAD, CORPORATE COMMUNICATION
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