



CENTRAL BANK OF NIGERIA

PRESS RELEASE

CBN Issues New Guidelines for Non-Interest Banking

The Central Bank of Nigeria (CBN) has issued new guidelines for the operation of Non-interest banking in Nigeria. The new guidelines are the outcome of the review of the earlier guidelines issued based on the recommendations of various stakeholders.

The new guidelines clarify the contextual definition of Non-interest banking which is not restricted to Islamic banking, but also include other form of non-interest banking not based on Islamic principle. This is in accordance with the provisions of Banks and Other Financial Institutions Act (BOFIA) which clearly provide for the two variants of Non-interest banking. This ensures that discrimination on any grounds in the participation by individuals or institutions as promoters, depositors or other relevant parties in any transaction regarding a non-interest financial institutions, whether based on Islamic or other model, is strictly prohibited.

Another significant review is the removal of any reference to **Sharia Council** which has been changed to **Advisory Council of Experts** whose responsibility is to advise the CBN on the appropriateness of relevant financial products to be offered by the institutions.

For the avoidance of doubt, section 23 (1) and section 66 of the BOFIA 1991, (as amended) explicitly provide for the licensing of Non-Interest Banks (NIBs). The CBN is obliged, by law, to issue licenses to appropriate entities for the establishment of NIBs provided they meet the regulatory requirements for licenses.

In view of this, the CBN is open to receiving and evaluating applications for licensing of non-interest banking institutions based on other principles rather than the Islamic variant and will soon issue separate guidelines for non-interest banking under other principles.

Signed

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