



CENTRAL BANK OF NIGERIA

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CIRCULAR TO ALL BANKS AND DISCOUNT HOUSES

RE: GUIDELINES ON ACCESSING THE CBN STANDING DEPOSIT FACILITY

It has been observed that banks and discount houses have preference for keeping their idle balances at the Central Bank in the Standing Deposit Facility (SDF) thereby constraining the process of financial intermediation. In order to encourage the banks to increase lending to the productive sector of the economy, the guidelines for the operations of the SDF is hereby reviewed as follows:-

1. The remunerable daily placements by banks and discount houses at the SDF shall not exceed N7.5 billion. This shall be remunerated at the SDF rate of 10.0 per cent per annum.
2. Any deposit by a bank or discount house in excess of N7.5 billion shall not be remunerated.

These provisions are without prejudice to the subsisting MPR corridor. For the avoidance of doubt, the SDF remains operative as a monetary policy tool, but patronage of the facility shall be subject to the above modifications.

The MPR corridor remains at +/- 200 basis points around the MPR. SDF shall attract an interest rate of MPR minus 200 basis points i.e. 10.0 per cent per annum up to the limit of N7.5 billion, while any deposit over and above the maximum will attract zero interest rate.

The provisions of this circular shall apply with immediate effect.

A handwritten signature in blue ink, appearing to read 'E. U. Ukeje', written over a faint circular stamp.

E. U. UKEJE
DIRECTOR, FINANCIAL MARKETS DEPARTMENT