



## FINANCE UPDATE HIGHLIGHTS OF THE CIRCULARS ISSUED IN THE FINANCE INDUSTRY IN MARCH 2021

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Dear Esteemed Client,

### Introduction

The Central Bank of Nigeria (“CBN”) issued the following Circulars in March 2021. We hope that you find some of the information useful in your operations.

- **FPR/DIR/PUB/CIR/01/001 – REGULATORY FOREBEARANCE FOR THE RESTUCTURING OF CREDIT FACILITIES OF OTHER FINANCIAL INSTITUTIONS IMPACTED BY COVID-19**
- **TED/FEM/PUB/FPC/01/003 – INTRODUCTION OF CBN “NAIRA 4 DOLLAR SCHEME” FOR DIASPORA REMITTANCE**

#### **1. FPR/DIR/PUB/CIR/01/001 –REGULATORY FOREBEARANCE FOR THE RESTUCTURING OF CREDIT FACILITIES OF OTHER FINANCIAL INSTITUTIONS IMPACTED BY COVID-19**

In its continuous effort to cushion the negative impact of Covid-19 pandemic on the economy, the CBN has reduced the interest rates on its intervention loans from 9% to 5% and has also offered to rollover moratorium granted on all principal payments on a case-by-case basis. The CBN has further extended its Covid-19 forbearance for intervention loans by another 12 months and will continue to charge an interest rate of 5% for its intervention loans for another 1 year.

This move will inevitably help small businesses and companies who secured intervention funds from the CBN or through any of its on-lending banks continue to manage their cash flow but it also implies that the CBN will record a reduction in its income which has been extended under such facilities.

For more information on the circular, please refer [here](#)

#### **2. TED/FEM/PUB/FPC/01/003 – INTRODUCTION OF CBN “NAIRA 4 DOLLAR SCHEME” FOR DIASPORA REMITTANCE**

The CBN has introduced a "CBN Naira 4 Dollar Scheme". The scheme provides that all recipients of diaspora remittances through CBN licensed International Money Transfer Operators (IMTOs) are henceforth to be paid ₦5 for every \$1 received as remittance inflow. This incentive is to be paid to recipients whether they choose to collect the United States Dollars (Dollars) as cash across the counter in a bank or transfer same into their domiciliary account. The implication is that a recipient of diaspora remittance will, at the point of collection, receive not only the Dollars, but also an additional ₦5 per Dollar received. This is expected to encourage increase inflows of diaspora remittances into the country. The scheme which became effective on 8<sup>th</sup> March 2021, will end on 8<sup>th</sup> May 2021.

Some experts are however of the opinion that although the exchange rate is unchanged in nominal terms, in reality it is an effective 1% depreciation of the Naira as the Investors & Exporters Foreign Exchange (IEFX) rate has fallen from 4% YTD to N411/USD1.

For more information on the circular, please refer [here](#)

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