

BLP Monthly Finance Titbits

May, 2024

1

CBN Halts Opay, Palmpay, Kuda Bank and Moniepoint from Onboard New Customers

The Central Bank of Nigeria (“CBN”), on April 29, 2024, issued directives to Opay, Palmpay, Kuda and Moniepoint to stop onboarding new customers pending further notice.

According to the CBN, accounts with these banks have been linked to allegations of being used for illicit foreign exchange transactions.

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2

EFCC Probes One Thousand, One Hundred and Forty-Six (1,146) Frozen Accounts for Money Laundering

On April 29, 2024, the Economic and Financial Crime Commission (“EFCC”) in continuation of its crackdown on dollarization has obtained an order from the Federal High Court to investigate One Thousand, One Hundred and Forty-Six (1,146) bank accounts belonging to individuals and companies over alleged money laundering, unauthorized dealing in foreign exchange and illegal Naira manipulation.

The above order of Hon. Justice Ekele mandates the EFCC to complete its investigation within ninety (90) days from the date of the order.

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3

EFCC Arrest Thirty-Four (34) Currency Speculators for Forex Fraud

On April 27, 2024, the EFCC operatives attached to the currency mutilation, dollarization of the economy and foreign exchange (“forex”) malpractice units arrested about thirty-four (34) persons suspected to be currency speculators.

According to the EFCC, the arrest was to clean up and stabilize the forex market, adding that the suspects would be arraigned in court upon conclusion of investigations.

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4

The Federal Government through the Federal Ministry of Industry, Trade and Investment launched a Ten Billion United States Dollars (US\$10,000,000,000.00) Nigeria Diaspora Fund

The Federal Ministry of Industry, Trade and Investment on April 26, 2024 has unveiled plans to float a Ten Billion United States Dollars (US\$10,000,000,000.00) Nigeria Diaspora Fund and further invited eligible firms to indicate interest in providing services as Nigeria Diaspora Fund Managers.

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Shareholders approve One Billion, Five Hundred Thousand United States Dollars (US\$1,500,000,000) Capital Raising for Access Holdings

On April 25, 2024, the shareholders of Access Holdings Plc approved the company's proposed capital raising of One Billion, Five Hundred United States Dollars (US\$1,500,000,000) through equity, quasi-equity, and debt issuances and a further Three Hundred and Sixty-Five Billion Naira (N365,000,000,000.00) through Rights Issue.

In addition to this, the shareholders ratified the appointments of Aigboje Aig-Imokhuede, Olusegun Ogbonnewo and Ojinika Olaghere as Non-Executive Directors.

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EFCC Freezes Three Hundred (300) Illegal Forex Accounts

On April 25, 2024, the Chairman of the EFCC, Ola Olukoyede, revealed that some illegal forex accounts were suspended following a court order. Olukoyede explained that over Fifteen Billion United States Dollars (US\$15,000,000,000.00) passed through one of the forex platforms in the last one year, outside the financial regulations. According to him, the action was taken to ensure the safety of the foreign exchange market and protect the economy and has noted that the anti-graft agency has discovered another worse scheme other than cryptocurrency trading platform and its system.

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Sale of Foreign Currency to Bureau De Change to Meet Market Demand (Retail-End) For Invisible Transactions

On April 22, 2024, the CBN in a circular titled 'Sale of FX to BDCs to meet Market Demand (Retail End) for Invisible Transactions to the Association of Bureau De Change Operators' informed the Association of Bureau De Change Operators ("BDCs") of the sale of Ten Thousand United State Dollars (US\$10,000.00) by the CBN to BDCs at the rate of N1,021/US\$1.00 and the BDCs are only eligible to sell to end users at a rate of not more than one point five percent (1.5%) above the purchase price.

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Regulatory Measures to Improve Lending to the Real Sector of the Nigerian Economy

On April 17, 2024, the CBN released in a circular regulatory measure to improve lending to the real sector of the Nigerian economy. Following a shift in the Bank's policy stance towards a more contradictory approach, the CBN decided to reduce the loan-to-deposit-ratio ("LDR") by fifteen percent (15%), from seventy-five percent (75%) to fifty percent (50%), in a similar proportion to the increase in the cash reserve ratio rate for banks. In addition, all deposit money banks are required to maintain this LDR level.

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EFCC to Arrest Hoteliers, School Owners, and Business Owners that Charges in Foreign Currency

On April 9, 2024, EFCC in its monthly e-magazine stated that hotels, schools, and other businesses that charge in foreign currency risks arrest and prosecution. According to the EFCC Chairman, the only exception is if a foreigner intends to transact and the only means of transacting is its credit card and cash dollar. In that case, it must be well documented.

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The Ban of the Use of Foreign Currency Denominated Collaterals for Naira Loans

The CBN in a circular dated April 8, 2024, prohibits the use of foreign currency denominated collaterals for Naira loans. Accordingly, banks have been directed to wind down all existing loans with foreign currency collaterals within ninety (90) days or attract a one hundred and fifty percent (150%) capital adequacy ratio computation as part of the bank's risk, and other regulatory sanctions.

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