

# BLP Monthly Finance Titbits

June, 2024

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## NDIC to begin payment of Heritage Bank PLC depositors

On June 5, 2024, it was reported that the Nigeria Deposit Insurance Corporation (“NDIC”) will begin payment of insured sum to Two Million Three Hundred Thousand (2,300,000) depositors of Heritage Bank Plc (the “Bank”) in liquidation within the week. The Managing Director of NDIC, Bello Hassan, said this during a briefing on June 5, 2024.

He said that ninety-nine per cent (99.9%) of depositors of the defunct Bank had a deposit balance of less than Five Million Naira (N5,000,000) while only Four Thousand (4,000) of the depositors had more than Five Million Naira (N5,000,000) deposit.

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## CBN Revokes the Banking License of Heritage Bank PLC

On Monday, June 3, 2024, in a move aimed at safeguarding the integrity of Nigeria’s financial system, the Central Bank of Nigeria (“CBN”) took the decisive step of revoking the banking license of Heritage Bank PLC. In a press release issued on Monday by the Ag. Director, Corporate Communications, Hakama Sidi Ali, the CBN stated that the revocation of Heritage Bank’s license was in accordance with its mandate to promote a sound financial system in Nigeria and its powers under Section 12 of the Banks and Other Financial Act (“BOFIA”) 2020. The NDIC has been appointed as the liquidator of Heritage Bank PLC in accordance with Section 12 (2) of BOFIA 2020.

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## Nigeria’s Gross Domestic Product experience a 2.98% growth in Q1 2024

On May 25, 2024, the National Bureau of Statistics released Nigerian Gross Domestic Product (“GDP”) Report. The report shows that Nigeria GDP for Q1 of 2024 (“Q1”) stood at N58.86 trillion in nominal terms, compared to the N51.24 trillion in Q1 2023, this indicates a year-on-year nominal growth of fourteen-point eight six percent (14.86%).

The service sector is the major contributor to the GDP growth, having contributed fifty-point zero four percent (58.04%) to the aggregate GDP while the Oil sector contributed six-point three eight percent (6.38%) to the GDP in Q1 and the real growth of the economy was five point seven (5.7%).

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## CBN directs all Bureau De Change to re-apply for New Operational Licences by June 3, 2024.

On May 22, 2024, CBN released a directive titled “Regulatory and Supervisory Guidelines for Bureau De Change Operators (“BDC”) in Nigeria” (the “Guideline”) requiring all existing BDCs’ to re-apply for new license according to their tier or licence category of choice as provided in the Guidelines and to meet the minimum requirements for the licence category applied for within six (6) months from the commencement of the Guidelines.

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## Monetary Policy Rate Hiked to Twenty-Six Point Two Five Percent (26.25%)

The Monetary Policy Committee (MPC) of the CBN held its 295th meeting on the 20th and 21st of May 2024 to review recent economic & financial developments and assess risks to economic outlook. The MPC made the following key decisions:

1. Raise the Monetary Policy Rate (“MPR”) by one hundred and fifty (150) basis points to twenty-six-point two five percent (26.25%) from twenty-four point seven five percent (24.75%);
2. Retain the asymmetric corridor around the MPR to +100/-300 basis points 3;

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## Shareholders of Stanbic IBTC Holdings Plc approve Five Hundred and Fifty Billion Naira (N550,000,000,000) Capital Raising Plans

At the 12th Annual General Meeting of Stanbic IBTC Holdings Plc held on May 17, 2024, in Lagos, the Board proposed and got the approval of the shareholders for a Four Hundred Billion Naira (N400,000,000,000) issuance programme as well as an additional equity of One Hundred and Fifty Billion Naira (N150,000,000,000).

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## CBN Issued and Withdrew Cybersecurity Levy

On May 6, 2024, CBN issued an implementation guideline (the “Circular”) to all commercial, merchant, non-interest and payment service banks, other financial institutions, mobile money operators, payment service providers, GSM service providers, insurance companies, Nigerian Stock Exchange for the collection and remittance of Cybersecurity Levy (the “Levy”) at the rate of zero-point five percent (0.5%) of all electronic transactions. According to CBN, the deduction and collection of the Levy was made pursuant to Section 44(2) of the Cybercrime (Prohibition, Prevention, etc) Act 2015 and was scheduled take effect two (2) weeks from the date of issuance.

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## Court backs CBN, directs banks to collect customers' social media handles

In a ruling on May 16, 2024, the presiding judge of the Federal High Court, Justice Nnamdi Dimgba upheld the CBN Customer Due Diligence Regulation 2023 (the "Regulation") requiring financial institutions to demand and collect the social media handles of their customers, as part of the standard Know-Your-Customer ("KYC") procedure. The ruling was borne out of a suit filed by Chris Eke, a lawyer, against the Regulation claiming same to be undemocratic, unconstitutional and a breach of right to privacy.

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## Appointment of Pre-Shipment Inspection Agents ("PIAs") and Monitoring and Evaluation Agents ("MEAs") for Crude Oil/Gas Exports

On May 14, 2024, the CBN notified all authorized dealers, Nigerian Customs Service, Nigerian Upstream Petroleum Regulatory Commission, Nigerian National Petroleum Corporation Limited, Nigerian Midstream and Downstream Petroleum Regulatory Authority, all Terminal Operators, all Oil and Gas Companies and the General Public of the Federal Government's appointment of PIAs and MEAs with immediate effect.

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## Suspension of processing Charges imposed on Cash Deposits for both Individuals and Corporate Entities

Previously, CBN had released the "Guide to Charges by Banks, Other Financial Institutions and Non-Bank Financial Institutions" on December 20, 2019, which imposed processing charges on cash deposits above Five Hundred Thousand Naira (N500,000) for individuals and Three Million Naira (N3,000,000) for corporate entities (the "Thresholds"). The CBN had released a letter dated December 11, 2023, suspending the processing fees.

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## CBN Releases Updated List of Banks Operating in Nigeria

CBN updated the list of deposit money banks operating in the country in a circular published on May 7, 2024, on its website and titled "List of Money Banks and Other Financial Institutions at of 26th April 2024" (the "Circular").

The Circular provides that there are seven (7) commercial banks with international authorisation, fifteen (15) banks with national authorisation, four (4) commercial banking licenses with regional authorisation, six (6) merchant banking licence with national authorisation and four (4) non-interest banking licenses with national authorisation and seven (7) financial holdings companies in Nigeria.

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## The Corporate Affairs Commission (“CAC”) Directs Point of Sale to Register their Business Before July 7, 2024

CAC has ordered all Point of Sale (“POS”) operators in the country to register their businesses before July 7, 2024. This was disclosed in the statement by the Registrar General of CAC, Hussaini Magaji on May 7, 2024. He emphasised that the registration process aligns with both legal requirements and the directives of the CBN.

CAC in the statement further stated that the agreement to register all POS operators within the two (2) months’ timeline is aimed to strengthen the financial technology industry and to protect businesses.

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## CBN provides further clarity on the Circular on Cash Pooling of Repatriated Oil and Gas Export Proceeds by International Oil Companies.

On February 14, 2024, the CBN released a circular directing banks to pool cash on behalf of International Oil Companies (“IOCs”), subject to a maximum of fifty percent (50%) of the repatriated export proceeds in the first instance and the balance of fifty percent (50%) may be repatriated after ninety (90) days from the date of the inflow of the export proceeds.

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## Banking Stock Plummet as Investors anticipate Right Issue

The Nigerian equities market witnessed a downturn this week, as the NGX All-Share Index (NGXASI) declined by 0.52% week-on-week (WoW) to settle at 97,612.51 points. This decline has pulled the year-to-date return to 30.54%. The market performance was largely influenced by significant sell-offs in large-cap stocks.

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## NDIC raises Deposit Insurance Coverage to Five Million Naira (N5,000,000)

On May 02, 2024, NDIC increased the maximum deposit insurance coverage of Deposit Money Banks from Five Hundred Thousand Naira (N500,000) to Five Million Naira (N5,000,000). The increment was announced by the NDIC Managing Director, Mr. Bello Hassan at a press conference in Abuja.

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## EXPOSURE DRAFT OF THE PROPOSED NEW RULES ON THE ISSUANCE AND ALLOTMENT OF PRIVATE COMPANIES' SECURITIES

The Securities and Exchange Commission (the "Commission") issued a draft rule on the issuance and allotment of private companies' securities (the "Draft Rules"). The Draft Rules was made pursuant to Section 43 (1) (b) of the Business Facilitation (Miscellaneous Provisions) Act 2022 which amends Section 67 (1) of the Investments and Securities Act and empowers the Commission to prescribe regulation for the issuance and allotment of private companies' securities.

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