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### **ADMINISTRATIVE LETTER TO ALL DEPOSIT MONEY BANKS (DMBs) AND OTHER STAKEHOLDERS**

#### **EXPOSURE DRAFT OF THE GUIDE TO BANK CHARGES**

The Central Bank of Nigeria (CBN) is currently reviewing the extant Guide to Bank Charges (the Guide) which has been in use since January, 2004. The review is intended to align the tariff regime in the banking industry with present economic realities and offer a platform for standard application of charges on different types of banking products and services.

An important component of the review exercise was the development of a minimum disclosure requirement that stipulates the information banks are required to disclose to all customers prior to the consummation of every credit transaction.

In order to reduce misrepresentation and ambiguity, a Glossary of Terms has also been developed to provide clear and simple definition of technical terms used in the Guide.

The overarching goal of the review is to produce a Guide that is collectively owned by all the stakeholders in the banking industry with the concomitant feature that it will accommodate the freedom of operators to charge competitive prices, while protecting consumers from arbitrary and excess charges.

In view of the need to carry along operators and other stakeholders, coupled with the desire of the CBN to uphold the spirit of cooperation among regulators it is essential to expose the draft Guide for the comments of relevant stakeholders prior to its release to the industry.

Consequently, we hereby attach the Guide as exposure draft for comments from stakeholders to enable the CBN finalize the document and issue same

*Approved for posting  
on the website*

*A. A. A. A.*  
*08/07*

subsequently. The exposure draft can be accessed at the CBN website [www.cbn.gov.ng](http://www.cbn.gov.ng)

Your Comments can be forwarded in hard or soft copies. Hard copies should be sent to the Director, Consumer and Financial Protection Department, Central Bank of Nigeria, Abuja, while soft copies captioned "Comments on the draft Guide to Bank Charges" should be e-mailed to [tyahmed@cbn.gov.ng](mailto:tyahmed@cbn.gov.ng) and [doakoma@cbn.gov.ng](mailto:doakoma@cbn.gov.ng) within four (4) weeks of the date of this circular.



**U. F. Shehu**  
**Director**

# **REVISED GUIDE TO BANK CHARGES (Draft)**

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**CONSUMER AND FINANCIAL PROTECTION DEPARTMENT**

## **PREFACE**

The “Guide to Bank Charges” provides a standard for the application of charges on the various types of products and services banks in Nigeria offer to their customers - individuals, corporate organizations and governments (Federal, State, Local and their agencies).

Wide consultations with relevant stakeholders were considered in arriving at the charges prescribed in the Guide. The intendment of this Guide is to enhance flexibility, transparency and competition in the guided deregulated Nigerian economy.

Where a charge is stipulated as “negotiable”, banks are required to appropriately draw the attention of their customers to it consequent upon which the two parties should mutually agree on the applicable charge. All commissions, charges and rates stated in this Guide are subject to relevant taxes.

Although the Guide provides for charges on various products and services of banks, it is not exhaustive. Banks are mandated to present any new product, service and charge(s) not covered by this Guide to the Central Bank of Nigeria for prior approval.

A glossary of terms is contained in pages 40-47, to provide readers with an explanation of the words/terminologies used in the Guide.

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SECTION 1: INTEREST ON DEPOSITS

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
1	Current Account in credit balance	Current Account in credit balance	Negotiable	Negotiable subject to a minimum of 0.5% p.a. payable monthly, on daily balance of N500,000 and above.	This is in line with best practice.	Payment of a minimum of 0.5% p.a. on monthly average balance of N500,000 and above should be discussed and agreed by the bank and the customer.
2	Savings and deposits Accounts	Savings Accounts	Negotiable	Minimum of 3% p.a. on daily balance, not subject to any conditions.	To encourage savings	For clarity, savings and term deposit accounts were separated in line with current efforts of the CBN to encourage savings habit.
3		Term Deposit Accounts		Negotiable	This is in line with banking convention.	The rate payable should reflect market rate.
4		Domiciliary Accounts:				Given that banks enjoy the usage of the foreign exchange deposited in these accounts, they should pay a rate for having those deposits. This would also encourage banking culture.
4.1		Current Accounts		Negotiable	Industry practice	
4.2		Savings Accounts		Negotiable (Withdrawals from savings account should not attract charges).	Industry practice	
4.3		Term Deposits		Negotiable	Industry practice	

**SECTION 2: INTEREST RATES/ LENDING FEES**

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
1	INTEREST RATES	Lending Rates		Lending rate should be MPR + maximum of 8% (customer must be notified at least 48 hours before the application of the new rate).	To ensure that the lending rate is referenced to the MPR.	Lending rate was omitted from the extant Guide; Lending rate could be fixed or floating; The latter (floating rate) is recommended in view of the guided deregulation regime in Nigeria.
2	Additional Interest (on authorized excess)	Interest (on authorized excess OD)	Negotiable	Lending rate should be MPR + maximum of 8% (customer's consent must be obtained on any changes to agreed rates).	To ensure that the lending rate is referenced to the MPR.	-do-
3		Unauthorized OD/Credit (separated for clarity)		Not permissible. The bank should sanction the officer and forward the name to the Director of FPRD, CBN.	Illegal ab. initio.	Unauthorized O/D is illegal and should not be encouraged.
4	Unauthorized OD, Drawing against uncleared Effects. (whether within authorized limit or not)	Drawing against Uncleared Effects (separated for clarity)	Negotiable	MPR + prevailing lending rate on the amount overdrawn.	As a credit facility, it should be priced at prevailing lending rate.	This is a form of lending. So the customer should negotiate with the bank, and should be guided by the market rate.

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
5	Warehousing Facility	Warehousing Facility	Negotiable	To be agreed amongst all the parties	Specialized service involving more than two parties	This often involves various parties other than the bank and the customer. The rate applicable should be agreed with all the parties.
6	Equipment Leasing	Equipment Leasing	Negotiable	Negotiable	Specialized service.	
7	Discountable instruments e.g. Bankers' Acceptance, Commercial Papers, Promissory Notes etc.	Discountable instruments e.g. Usance bill, Bankers' Acceptance, Commercial Papers, Promissory Notes etc.	Negotiable	Negotiable	High net-worth commercial customers involved.	Often, those who patronize this service have the financial knowledge that would enable them negotiate effectively.
8		Inter-branch cash Deposits/withdrawals	Not specified	No charge for such transactions subject to the CBN cash withdrawal policy	The policy on Cash Withdrawal/deposit Limit and Cash Handling Charge effectively addresses the concerns of cost incurred in cash handling.	



S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
9		Minimum amount for opening savings accounts	Not specified	The DMBs are required to abide by the Monetary Policy Guideline which implores banks not to stipulate high minimum savings account opening and maintenance balances.	To encourage financial inclusion.	The Monetary Policy Guideline provides the requirement for minimum savings account balances.
<b>LENDING FEES</b>						
1	Not stated	Credit Reference Reports	Not specified	Consumer credits - N1,000; Corporate credits - N2,500	To cover cost of credit reference	The cost of reference should be borne ultimately by the customer.
2	Facility Restructuring Fee	Facility Restructuring Fee	Negotiable, subject to a maximum of 0.25% flat	Negotiable, subject to a maximum of 0.25% on the outstanding amount being restructured (one off charge).	Chargeable only at restructuring.	The fee is to be computed on the outstanding amount.
3	Not stated	Cost of Quarterly Monitoring Reports from Credit Bureau.	Not specified	N200 - N500 per customer, cost to be borne by the bank.	The banks are charged by the CR companies.	Make further enquiries with the Service Providers

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
4	Processing/ Renewal Fee	Management fee: It covers processing and appraisal fee (one-off charge). Where the transaction is not consummated, a processing fee of not more than 0.25% should be applied.	Not specified	Negotiable subject to maximum of 1% of the principal (one off charge).	To check frequent imposition of multiple management fees.	Note: Management and renewal fees are chargeable for all requests granted whether fresh or renewed facilities. The charge applies each time an excess is granted but only for the excess figure or amount of the increase. No charges when loan requests are declined.
5		Renewal Fee:				
5.1	Corporate Bodies	Corporate Bodies	Negotiable, subject to a maximum of 0.25% flat	Negotiable subject to maximum of 0.25% flat	Industry practice	Inputs obtained from the banks range from 0.25% to 2.0%.
5.2	Individuals	Individuals	Negotiable, subject to a maximum of 0.25% flat	Negotiable subject to maximum of 0.25% flat	Industry practice	Inputs obtained from the banks range from 0.25% to 2.0%.

	<p><b>NOTE ON MANAGEMENT AND RENEWAL FEES:</b> Chargeable for all requests granted whether fresh or renewed. The charge applies each time an excess is granted but only for the excess figure or amount of the increase. No charges for requests declined.</p>					
6	<p>Processing Fee for consent for share security</p>	<p>Processing Fee for consent for share security</p>	<p>Negotiable, subject to a maximum of 0.25% of facility</p>	<p>Negotiable, subject to a maximum of 0.25% of amount of facility</p>	<p>Industry practice</p>	
7	<p>Late repayment of loan facility</p>	<p>Penalty rate for Late Repayment of Loans/Advances (Default or Penalty Rate).</p>	<p>1% flat per month on unpaid installment in addition to charging current rate of interest on outstanding debt (Without prejudice to the provisions of the Prudential Guidelines on the limitation of accruals.)</p>	<p>1% flat on unpaid installment per month in addition to charging current rate of interest on outstanding debt (without prejudice to the provisions of the Prudential Guidelines on the limitation of accruals).</p>	<p>Industry practice and subject to extant CBN regulation.</p>	<p>The banks reported a penalty charge of 1% per month on outstanding unpaid installments.</p>

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
8	Commitment Fee	Commitment Fee	Negotiable, subject to a maximum of 1% flat of the amount	Negotiable, subject to a maximum of 1% of the amount (one-off charge)	Retain as contained in the extant Guide.	Industry practice reflects a charge ranging from 0.25% to 2.0%.
9	Advisory/ Consultancy fee	Advisory/Consultancy fee	Negotiable	Negotiable	Retain as contained in the extant Guide.	Industry practice indicated that banks charge a fee that is negotiated with the customers.
<b>INTER-BANK BORROWING RATES</b>						
10	Overnight /Call Money	Overnight /Call Money	Negotiable	Negotiable	Industry practice	Most banks reported the market rate as applicable.
11	Tenured	Tenured	Negotiable	Negotiable	Industry practice	Most banks reported the market rate as applicable.
<b>CHARGES FOR CONSORTIUM LENDING</b>						
12	Agency Fee	Agency Fee	Negotiable	Negotiable	Industry practice	Most banks indicated that the fees are negotiable.
13	Management Fee	Management Fee	Negotiable	Negotiable	Industry practice	Most banks indicated that the fees are negotiable.

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
14	Commitment Fee	Commitment/Non-Drawing Fee	Negotiable	Negotiable subject to a maximum of 1% of the amount.	To avoid double imposition of similar charges (commitment and non-drawing fees).	While one bank reported a fee of 1.75%, others indicated that the fee is negotiable.
15	Appraisal/ Renewal Fee	Appraisal/ Renewal Fee	Negotiable, subject to a maximum of 0.25% flat	Negotiable, subject to a maximum of 0.25% of the principal.	Industry practice	Most banks indicated a range of 0.25% to 2.75%.
16	Commission Charges for Underwriting of Debentures	Commission charges for underwriting services	Negotiable	Negotiable	Industry practice	Most banks indicated that the fee is negotiable.
17	Participation Fee to be shared by Banks	Participation Fee to be shared by Banks	Negotiable	Negotiable	Industry practice	Most banks indicated that the fee is negotiable between customers and the banks.
18	Non-Drawing Fees (for consortium lending)	Non-Drawing Fees (for consortium lending)	Negotiable, subject to a maximum of 1% flat of the amount	No charge	Interest and commitment fee have already been charged	To reduce incidence of double charge, this fee was considered to be same as commitment fee.

SECTION 3: COMMISSION ON TURNOVER

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
1	COT applies to all debit transactions. It is chargeable on all instruments and on all renewals and rollovers thereof, including discountable instruments such as Bankers' Acceptance, Commercial Papers, Promissory Notes etc.	COT applies to customer-induced debit transactions. The banks should not charge COT on returned outward clearing cheques, reversal of transactions and all bank-induced debits.	Negotiable subject to a maximum of N5 per mille	Negotiable subject to a maximum of N3 per mille	N3 is considered reasonable for banks to operate profitably.	Most of the banks reported COT of N5 per mille.
1.1		Loan repayment from current or savings account.		COT free	The fund is still within the bank	Repayment of loans from current/savings accounts should be COT- free.
2	Debits representing transfer to other accounts in the same name, in the same branch or at another branch of the same bank.	Debits representing transfer to other accounts in the same name, in the same branch or at another branch of the same bank.	Free	No charge.	Industry practice	

<b>COST OF CHEQUE BOOK</b>						
<b>S/NO</b>	<b>DESCRIPTION IN THE EXTANT GUIDE</b>	<b>PROPOSED DESCRIPTION</b>	<b>RATES IN THE EXTANT GUIDE</b>	<b>RECOMMENDATION (RATES)</b>	<b>JUSTIFICATION</b>	<b>REMARKS</b>
3	Cheque Books	Cheque Books	Full recovery of cost plus stamp duties	Full recovery of cost plus stamp duties	Industry practice	The range of the cost of cheque books reported by the banks fall between N15 and N30 per cheque leaf.
4	Counter Cheque	Counter Cheque	N200 per leaflet	N200 per leaflet	Industry practice	The range of the cost of cheque books reported by the banks fall between N200 and N500.

**SECTION 4: COMMISSION ON BONDS GUARANTEES & INDEMNITIES, ETC.**

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
1	Bid/Tender Bonds	Bid/Tender Bond (Bid Security)	Negotiable subject to a maximum of 1% per quarter	Negotiable subject to a maximum of 1% of the Bond value (one-off charge)	One-off transaction	Most banks reported charges ranging from 0.25% to 2%.
2	Performance bond (chargeable from date of contingent liability)	Performance bond (chargeable from date of contingent liability)	2% per half year	Negotiable subject to a maximum of 2% of the Performance Bond value per half year.	Highly specialized and often involves high value contracts	Most banks reported charges between 1 and 2%.
3	Advance Payment Bond	Advance Payment Guarantee (APG)	1% per half year	Negotiable subject to a maximum of 1% of the APG value (one-off charge)	Industry practice.	Most banks reported charges between 1 and 2%.
4	Cheque Indemnities	Third-party Cheque Indemnities	1% of the amount of Indemnity	To be discouraged except for institutions not in clearing e.g Micro-finance Banks	Third party cheques are prone to fraud	
5		Bank Guarantees	Nil	Negotiable subject to a maximum of 2% one-off charge	The proposed charge is considered reasonable for the service.	
6	Other Bonds, Guarantees and Indemnities	Other Bonds, Guarantees and Indemnities	2% per half year, minimum N5,000	Negotiable subject to a maximum of 2% per half year, minimum N5,000	Industry practice.	Majority of the banks reported a charge of 2% per half year.



SECTION 5: FOREIGN EXCHANGE COMMISSION

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
	<b>PURCHASES</b>					
1.1	All purchases from CBN auction and inter-bank	All purchases from CBN	1%	1% of the value involved - flat (or as may be reviewed from time to time by the CBN).	Income is already earned from COT and other charges, e.g. Form M, Form A and LC charges	This is a CBN charge.
1.2		Inter-bank purchases	Not specified	Negotiable subject to a maximum spread of 50k per Dollar	To cover additional cost of inter-bank transactions	Maximum spread of 50k is allowed by the CBN.
2	a) Inward Telegraphic Transfers, Mail transfers, and Drafts expressed in Naira b) Inward Telegraphic Transfers, Mail transfers, and Drafts expressed in foreign currency Handling Commission.	Inward Telegraphic/SWIFT and other transfers expressed in foreign currency	Free	No charge  Merge with 2a above	Industry practice.	Most of the banks reported that the service is provided free of charge.
3	Travellers Cheques, Cheques and Sight Bills for negotiation:	Travellers Cheques:		As advised by CBN	TCs for pilgrimage are specially arranged for by the CBN.	For hajj operations.

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
3.1	a) Handling Commission			To be expunged	To avoid duplication of charges	
3.2	b) Minimum charge for Cheques	Cheques	Minimum N1,000. Maximum 1%	Minimum N1,000 subject to a maximum of 1%	Industry practice.	Most banks indicated a minimum charge of N1,000 and a maximum of 1%.
3.3	c) Minimum charges for Sight Bills	Sight Bills	Minimum N1, 000. Maximum 1%	Minimum N1,000 subject to a maximum of 1%	Industry practice.	Most banks indicated a minimum charge of N1,000 and a maximum of 1%.
3.4		Usance Bills		Minimum N1,000 subject to a maximum of 1%	Adequate to cover handling costs as the bills are not discounted.	Most banks indicated a minimum charge of N1,000 and a maximum of 1%.
3.5		Sight Bills for negotiation				
4	Usance Bills purchases as in (3) plus interest at local rate	Usance Bills purchases as in (3) plus interest at local rate	As in (3) plus interest at local rate	To be expunged	Taken to section 2, item 7.	
5	Foreign Currency Notes: To be purchased at the Bank's sight rate plus Handling Commission (no minimum charge)	Foreign Currency notes: Purchases from customers	Negotiable up to a maximum of 1%	At the banks spot rate.	Handling commission should not apply in order to encourage FX inflow to the banking system.	The bank's spot rate should capture all costs.

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
6	Repurchase of Travellers' Cheques by the issuing bank will be at the T.C buying rate for appropriate currency plus Handling Commission		Minimum N1, 000. Maximum 1%	To be expunged	No need for repurchase because TCs are no longer in use.	
<b>SALES</b>						
7	Commission on Outward Telegraphic Transfers, Mail Transfers and Drafts	Commission on Outward Telegraphic/SWIFT and other transfers	1% (minimum N250)	Negotiable subject to a maximum of N3000	To cover cost of SWIFT and other charges	Banks charge different fees to cover the cost of SWIFT.
8	Foreign currency notes at the normal selling rate plus handling commission	Foreign currency notes (sales to customers)	0.5% (minimum N250)	Bank's spot rate	All costs should be built into the spot rate.	
9	Travellers' Cheques. Rate applicable to Authorized Dealer plus Handling Commission		0.5% (minimum N250)	To be expunged	T/C is no longer in use.	
10	Transfer paid for in cash - Handling Charge	Transfers for non-account holders (subject to enhanced due diligence)	1%	Minimum of N3,000 subject to a maximum of 1.5% of transaction value(subject to enhanced due diligence)	To encourage transactions through accounts.	Banks are encouraged to ensure enhanced due diligence.

<b>DOMICILIARY ACCOUNT CHARGES</b>						
<b>S/NO</b>	<b>DESCRIPTION IN THE EXTANT GUIDE</b>	<b>PROPOSED DESCRIPTION</b>	<b>RATES IN THE EXTANT GUIDE</b>	<b>RECOMMENDATION (RATES)</b>	<b>JUSTIFICATION</b>	<b>REMARKS</b>
11	Transaction Charge	Commission on cash withdrawals/Withdrawals from deposits other than cash:	US \$0.5 or its equivalent will be allowed per transaction			
11.1		Current account		Negotiable subject to a maximum of 0.5% of transaction value	The proposed charge is considered reasonable for the service.	Banks input range from 1% to 2% of the transaction value.
11.2		Savings account		No charge		
12		Charges for cash lodgment		No charge	To promote savings/financial inclusion.	Banks are required to comply with relevant sections of the MLPA 2011 and the CBN AML/CFT Regulation.
13		Foreign cheque purchase		1% of the value of the cheque + the standard charge for clearing cheques (Offshore charges+ courier + VAT)	One-off transaction	A bank reported a charge of 1% of the transaction value plus the cost of clearing.

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
14	Collection Charge on Cheques	Collection Charge on Cheques	1% of cheque value or US \$10 or its equivalent, whichever is higher.	1% of cheque value or US \$10 (or its equivalent) whichever is higher.	Industry practice.	Most banks reported a charge of 1% of the transaction value, and others reported additional charge of between \$20 and \$40.
15	a) Commission on travellers Cheque issued		Negotiable, subject to a maximum of 10%	To be expunged	T/Cs no longer in use	
16	Commission on Mail Transfer, Telegraphic Transfer and Drafts	Commission on Telegraphic/SWIFT Transfer and Drafts	0.5% or US\$ 10 or its equivalent, whichever is higher, plus actual communication cost.	0.5% or US\$ 10 or its equivalent, whichever is higher	To cover cost of SWIFT and other charges	
17	Transaction on Letters of Credits, Bills for Collection and Guarantees	Transaction on Letters of Credits, Bills for Collection and Guarantees	Charges will be as per relevant section in this Guide	Relevant sections to be cited. To be expunged		

SECTION 6: BILLS FOR COLLECTION

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
	<b>BILLS FOR COLLECTION (INWARD)</b>					
1	Collection	Collection				
1.1	a) Clean Bill Commission	Commission on Clean Bill	Maximum 2%, Minimum N1,000	Negotiable subject to a maximum of 2%	In line with industry practice	
1.2	b) Documentary Bill Commission	Commission on Documentary Bill	Maximum 2%, Minimum N1,000	Negotiable subject to a maximum of 2%	In line with industry practice	
1.2.1	Plus Postage	Postage where applicable	Postage	Actual cost of postage	In line with industry practice	
1.2.2	Plus actual communication charge if applicable	Communication charge where applicable	Cost of communication	Actual cost of communication	Retained	
2	Holding charges after non-payment or non-acceptance, chargeable 1 month after arrival of goods	Holding charges after non-payment or non-acceptance, chargeable one month after arrival of goods:				
2.1	Bills under N25,000	N25,000 bills and below	N500 per month	N2,500 per month	To discourage non-collection of documents	

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
2.2	Bills above N25,000	Above N25,000	N 1,000 per month (Only when due to customer's default)	N5,000 per month	To discourage non-collection of documents	
3	Extension charges for accepted bills or sight bills altered to tenure bills	Extension charges for accepted or sight bills altered to tenure bills	N1,000 per bill	N3,000 per bill	To reflect current market reality	Infrequent transactions
4	Bills for Collection - Negotiation	Bills for Collection - Negotiation	0.5% Flat	0.5% of the value of the bills	Retained	
5	Protest charges plus Notary Public Fees	Protest charges plus Notary Public Fees	Minimum N2,000 or 2% of bill amount, whichever is higher.	Negotiable subject to a maximum of N5,000.		
6	Rebates between banks collection Commission (handling Charges) should be split:	Handling charges in respect of collection commission:				
6.1	Presenting Bank	a) Presenting Bank	25%	25%	Retained	
6.2	Acting Bank	b) Collecting Bank	75%	75%	Retained	
		Note: Handling charges should be split between presenting and collecting banks				

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
7	Unpaid Bills	Unpaid Bills	In addition to the holding charge in (2) above, a bank is entitled to 1% commission. Where Nigerian Bank is acting for Nigerian presenting bank, 1% commission is claimed and proceeds splits with acting bank in accordance with (6) above.	In addition to the holding charge in (2) above, where a Nigerian bank is acting for Nigerian presenting bank, 1% commission is claimed and proceeds splits with collecting bank in accordance with (6) above.		
<b>BILLS FOR COLLECTION (OUTWARD)</b>						
8	Collection commission	Collection commission				
8.1	a) Documentary Bills	Documentary Bills	Maximum 2%	Negotiable subject to a maximum of 2%	Industry practice	To cover cost of handling the transaction
8.2	b) Clean Bills	Clean Bills	Maximum 1%	Negotiable subject to a maximum of 1%	Industry practice	Requires less processing.



**SECTION 7: STRAIGHT FORWARD HANDLING OF DOCUMENTS**

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
1	Export Documents Delivery	Export Documents Delivery	0.5% per mille of invoice value Maximum N5,000	N5 per mille of the invoice value subject to a maximum of N5,000	Industry practice	
2	Import Documents	Import Documents				
2.1	a) Delivery	Delivery	Cost of courier, plus N5,000 maximum	Negotiable subject to a maximum of N5,000 plus cost of courier	Industry practice	
2.2	b) Bills for acceptance and return to Principals	Bills for acceptance and return to Principals	Cost of courier, plus N5,000 maximum	Negotiable subject to a maximum of N5,000 plus cost of courier	Industry practice	
2.3	c) If in respect of (b) bill is returned for Collection and payment, Maximum Charge.	Bills for Collection due for payment	Cost of courier, plus N5,000 maximum	Cost of courier	Industry practice	

SECTION 8: INWARD AND OUTWARD LETTERS OF CREDIT

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
<b>INWARD LETTERS OF CREDIT (EXPORT)</b>						
1	Processing and Registration of Nigerian Export (NXP) Form	Processing and Registration of Nigerian Export (NXP) Form	N5,000 flat	N5,000 flat	Retained	
2	Advising Commission	Advising Commission				
2.1	a) When a Nigerian Bank simply verifies authenticity of the Credit and delivers same.	Where a Nigerian bank simply verifies authenticity of the Credit and delivers same.	N2,000 flat	N2,000 flat	Retained	
2.2	b) When a Nigerian Bank has to rewrite the Credit	Where a Nigerian bank has to rewrite the Credit	N0.5 per mille, Minimum equivalent of US\$ 25.	N0.5 per mille, subject to a minimum of \$25 or its equivalent.	Retained	
3	Confirming Commission	Confirming Commission	1%, minimum of N5,000	Minimum of N5,000 subject to a maximum of 1% of the face value.	Retained	
4	Transferable Credits, Transferable and Divisible Credits (part-shipment)	Transferable Credits, Transferable and Divisible Credits (part-shipment)				

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
4.1	When all or part of a Credit is transferred, the charges (paying by the original beneficiary) are of the amount transferred.	Where all or part of a Credit is transferred, the charges (paid by the original beneficiary) are of the amount transferred.	0.5%, minimum US\$25 or equivalent	0.5% of face value subject to a minimum of US\$25 or its equivalent	Retained	
5	Negotiation of Documents Commission plus interest, if applicable, at local rate (to be clarified)	Negotiation of Documents Commission plus interest, if applicable, at local rate (to be clarified)	1%	1%	Retained	Most banks are charging the rate stated in the Guide.
<b>OUTWARD LETTERS OF CREDIT (IMPORT)</b>						
6		Purchase of Forms A and M	Not specified	N100 per form	Cost recovery	
7	Processing and Registration of Form M	Form M				
7.1		Processing	N5,000 flat	Negotiable subject to a maximum of N5,000	In line with industry practice	Amendment covers discrepancy and other related activities. To be appropriately defined in the Glossary.

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
7.2	a) Amendment	Amendment	Negotiable, subject to a minimum of N5,000	Negotiable subject to a maximum of N5,000	In line with industry practice	Amendment covers discrepancy, cancellation and enhancement.
7.3	b) Revalidation	Revalidation/ Extensions	Negotiable, subject to a minimum of N5,000	Negotiable subject to a maximum of N5,000	In line with industry practice	
7.4	c) Extensions		Negotiable, subject to a minimum of N5,000	To be expunged	To be expunged	
8	Establishment Commission	Establishment Commission				
8.1	For credits up to 180 days	For credits up to 180 days	1% plus commission charge	1% of face value	Retained	
8.2	For credits up to 270 days	For credits up to 270 days	1.25% plus commission charge	1.25% of face value	Retained	
8.3	For credits up to 360 days (These charges are on the period of validity of the credit)	For credits up to 360 days (These charges are on the period of validity of the credit)	1.5% plus commission charge	1.5% of face value	Retained	
9	Handling Commission		Maximum 0.5%. Minimum N5,000	To be expunged	Appears to be a duplication of establishment and processing fees	

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
10	Renewal, Extension and Increase in the amount	Renewal, extension and Increase in the LC value				
10.1	Renewals:	**Renewals:	Credits may be renewed after 15th day following expiry only on payment of full Establishment Commission	Applicable establishment commission		To seek further clarification on the wisdom behind the 15 days window.
10.2	Extensions: Minimum Charge	Extensions	N5,000.00 flat	N5,000.00 flat	Retained	Industry practice.
	NOTE: Where a letter of credit is extended for a period in excess of 12 months from the date of establishment, a Re-establishment Commission of 1% is payable	NOTE: - Where a letter of credit is extended for a period in excess of 12 months from the date of establishment, a Re-establishment Commission of 1% is payable				

	Increases: Additional Establishment Commission should be, Charged on the amount of any increase for the unexpired period of validity of credit. Minimum Charge	Increases or Enhancements: Additional establishment commission should be charged on the amount of any increase for the unexpired period of validity of credit.	N2,000 flat	N2,000 flat	N2,000 flat	Retained	
11	Other Amendments: On each occasion that amendments (other than those mentioned above) are made, a charge is to be made of at least	Other Amendments	N2,000 flat	N2,000 flat	N2,000 flat	Retained	
12	Usance Bill under Credit Guarantee Commissions: When the bank accepts or guarantees Payment at maturity of draft drawn under Credits Guarantee, commission Should be charged.	Usance Bill under Credit Guarantee Commissions:					
12.1	a) Where usance is less than one year	Where the bill is less than one year.	N3 per mille per month	N3 per mille per month	N3 per mille per month	Retained	

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
12.2	b) Where usance exceeds one year	Where the bill exceeds one year	N5 per mille per month	N5 per mille per month	Retained	
13	Not stated	Risk Assessment Report (RAR)	Not specified	Without valid for FX Form M -N2,500.00; With Valid FX Form M - No charge	Industry practice	

\*\* Credits may be renewed not later than the 15th day following expiry only on payment of full Establishment Commission.

- Increases - Enhancements: Additional Establishment Commission should be, Charged on the amount of any increase for the unexpired period of validity of credit. Minimum Charge

**SECTION 9: INTERNAL TRANSACTIONS (within Nigeria)**

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
1	Bank Drafts	Bank Drafts/Cheques				
1.1	Customer	Customer	N200.00 flat	i) Current Account: - N300; and ii) Savings Account: - N500	Average of industry charges	
1.2	Non-Customer	Non-Customer	N200.00, plus maximum 1% for cash handling charge	N500.00 + COT	In line with industry practice	
2	a) Purchases	Draft Repurchase	Free	No charge	Retained	
	b) Collection of Cheques within Nigeria		Free	No charge	Retained	
3	c) Transfers and Drafts drawn and payable within Nigeria	Transfers within Nigeria:				
3.1		Intra-bank Transfers	Free	No charge	Retained	Customer induced debits on current accounts attract COT hence no service charge.
3.2		Inter-bank Transfers		RTGS Cost	Cost recovery	
3.3		Transfers to non-account holders		N1 per mille subject to a minimum of N200.		
		Bank Cheques		To be expunged. Captured in 3 below.		



S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
3.4	d) Internal Transaction paid for in physical cash	Transactions paid for in cash by non-account holders (e.g. drafts, local money transfer, cash card loading etc.)	Negotiable subject to a minimum of 1% (to discourage cash transactions)	0.3% of the value of the transaction. However, banks are enjoined to undertake KYC on such customers.	Ofentimes non account holders are compelled by policy to purchase instruments from a particular bank.	Banks should continue to exercise customer due diligence in handling transactions for non-account holders.
3.5		Cash handling charge		Extant CBN policy on the subject applies	In line with existing CBN policy	
4.1	a) Normal period for clearing of cheques: As advised by the Clearing House	a) Normal period for clearing of cheques: As advised by the Clearing House	As advised by the Clearing House	Clearing House rules applies	Clearing house rules should apply.	
4.2	b) Special clearing of cheques: on the amount of cheque	b) Special clearing of cheques	0.5% flat of face value	Negotiable	They often involve high value instruments, thus the charges are negotiable.	
5	Standing Order Charge	Standing Order Charge	N250.00 plus external transfer cost (e.g NIBSS/NACS charges)	N300.00 plus external transfer cost (e.g NIBSS/NACS charges)	Average of industry charges	Most banks charge N250. Others range between N500 and N2,000

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
6	Not stated	Direct Debit/Credit	Not specified	CBN extant policy prevails.	CBN policy should apply	Refer to CBN Guideline on Nigeria Direct Debit Scheme
7	Encashment of cheques within Nigeria (Cheque cashing credit)	Further clarification required				
	a) Authorization covering the encashment of the customers' own cheques at another bank or branch is liable to a commission on the maximum available in any one year Charge to be shared equally between establishing and paying banks		0.50%	To be expunged because the practice has been overtaken by current realities	Industry practice	
	b) Withdrawals from current account at another branch of a bank	a) Withdrawals from current and savings account at another branch of a bank by an account holder	N100 per transaction (to be borne by Payee)	To be expunged because the practice has been overtaken by current realities	Industry practice and CBN policy.	
		b) Encashment of open cheques issued to a third party by an account holder		To be expunged because the practice has been overtaken by current realities	Industry practice and CBN policy.	

S/NO	DESCRIPTION IN THE EXIANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXIANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
		c) Payment of crossed cheques issued to a third party by an account holder		To be expunged because the practice has been overtaken by current realities	Industry practice and CBN policy.	
7	Night Safe Charges: per qtr. in advance irrespective of number of times facility is used C) Transfer and Drafts drawn and payable within Nigeria	Safe Custody	Negotiable	Negotiable	Industry practice	
	C) Transfer and Drafts drawn and payable within Nigeria	C) Transfer and Drafts drawn and payable within Nigeria	See nos 1 and 3 of this Section 9.	To be expunged.		
8	Stopped cheques	Stopped cheques	2% flat	N500.00 per order	Technology has simplified the process of implementing stop orders.	Banks currently charge between N100 and N5,000.
9		Purchase of Treasury Bills for customers	Not specified	0.125% on the yield	Transaction should not be on the principal to avoid depletion of the principal, and to encourage investment in T/Bs.	Only one bank submitted an input. Discuss with DHs and Treasury staff of some banks.
10		Cost of Form M and Form A	Not specified	To be expunged. Refer to Section 8 number 6.		

SECTION 10: ELECTRONIC BANKING

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
1	All Electronic Banking Services (including Electronic card, internet banking and PC banking Services) are subject to the following charges: Implementation Fee	Implementation Fee	Negotiable	To be expunged	Banks have passed the implementation stage	Industry practice indicates free service.
2	Access Fee	Access to electronic banking platform	Negotiable	No charge	Technology has simplified access to electronic banking services. To encourage e-banking.	E-banking helps banks to reduce cost of operations.
3.1	Transaction Fee	ATM Transaction within the bank	Negotiable	No charge	Industry practice	
3.2		ATM Transactions - On other banks ATM		N100	Industry practice	
3.3		ATM Transactions - On approved Independent ATMs		N150	In line with CBN Policy	

4	Maintenance Fee	Maintenance Fee (Foreign Cards)	Negotiable	As applicable to the Card Schemes	Cost recovery	REMARKS
S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	
5	Card Issuance Fee	Card Issuance/Replacement Fee:				
5.1		Domestic Cards	Negotiable	N600	Cost recovery	
5.2		Foreign Cards	Not specified	\$10	Cost recovery	
6		Alert Services:				
6.1		Mandatory SMS alert	Not specified	N5 per alert	In the interest of the industry and in line with the CBN policy to combat ATM fraud.	
6.2		Email notification (optional)	Not specified	No charge	Technology has simplified communications.	
7		Bills Payment e.g. utilities	Not specified	No charge	To avoid double charges.	
8		POS - Merchant charge fee.	Not specified	CBN POS Guidelines apply		
9		Cash Card Loading	Not specified	No charge		
10		Pin Mailer Reprint - Foreign Cards	Not specified	Cost of recovery subject to a maximum of \$1	Cost recovery	Only one bank reported this charge.

11	S/NO	DESCRIPTION IN THE EXTANT GUIDE	ATM mini statement and balance enquiry	Not specified	No charge	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
12		PROPOSED DESCRIPTION	PIN reissue	Not specified	No charge		Technology has simplified communications.	
13			PIN Reset	Not specified	No charge		Technology has simplified communications.	
		NOTE: These charges will be applicable to other existing and future Electronic Banking Products and Services not captured by this Guide	NOTE: These charges will be applicable to other existing and future Electronic Banking Products and Services not captured by this Guide		To be expunged			In conflict with the preface in the draft guide which states that "... Banks are, however, mandated to present any new charge not covered by this Guide to the Central Bank of Nigeria for consideration".

SECTION 11: MISCELLANEOUS

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
1	Reactivation/Closure of Accounts:	Reactivation of accounts	Not specified	No charge	To enhance financial inclusion. Also industry practice.	
2		Closure of Accounts:				
2.1		Savings	N500.00	No charge	Further charges would be punitive.	
2.2		Current	N500.00	No charge	Further charges would be punitive.	
3	Safe Custody			To be expunged	Addressed earlier in section 9, item 7.	
4	Insurance Debits	Insurance Debits	Negotiable	Customer to negotiate with the insurance company	To cover actual cost of insurance policy.	
5	Bulk Third Party Payments e.g. Salaries, Dividend Warrants, Vendors Payments etc.	Bulk Third Party Payments e.g. Salaries, Dividend Warrants, Vendors Payments etc.	Negotiable up to N250 per beneficiary (to be borne by instructing party)	Negotiable subject to a maximum of N100 per beneficiary (to be borne by instructing party)	Economies of scale reduce the cost per unit transaction.	
6	Not stated	Payroll Solution (Salary Payment)	Not specified	Negotiable	Industry practice	Industry practice ranges from N200 to N1,000 per person but subject to negotiation.
7	Special request for duplicate statement	Issuance of statement of account:	Negotiable		Industry practice	Most of the banks reported that the charge for this service is negotiable.

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
7.1		Mandatory monthly statement of account on current and savings accounts		No charge		Statements should be provided free of charge for the customer's first request in a month.
7.2		Special request for statement of account		N50 per page		
8	Returned Cheques	Returned Cheques – due to reasons other than being unfunded	0.5% of amount, maximum N5,000 (to be borne by Drawer)	No charge	The penalty of N2,000 was considered adequate for the drawing of cheques on unfunded accounts.	
		Unfunded account		0.5% of amount, maximum N5,000 (to be borne by Drawer). This is without prejudice to the Dud cheque act.		Dud Cheque Act applies.



S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
9	Reimbursement for business visit initiated by customer	Reimbursement for business visit initiated by customer	Negotiable	Negotiable	To cover costs incurred by the bank in engaging in such visits.	Cost recovery.
10	Status enquiry at the request of customer	Status enquiry at the request of customer	Negotiable	Negotiable subject to a maximum of N2000	Industry average	Industry practice ranges from N1, 000 to N2,000.
11	Confirmation of overseas enquiries to correspondent bank at the instance of the beneficiary	Confirmation of overseas enquiries to correspondent bank at the instance of the customer	US\$100 & other incidental expenses	N10,000 flat	Industry practice	
12	Intermediation fees for commercial papers (to be borne by the issuer)	Intermediation fees for commercial papers (to be borne by the issuer)	Maximum 2% flat	Negotiable	Industry practice	Only two banks reported that they charge 2% flat for the service.
13	Replacement of savings passbook/identity card	Issuance of withdrawal Booklet/Passbook	N100 (Passbook) N200 (Lamination)	Cost recovery	The charge should be enough to enable the banks recover cost of the passbook.	
14	Cash deposit booklet a) duplicate book of 50 leaves b) Triplicate book of 100 leaves	Customized deposit booklet		Negotiable/Cost recovery		

S/NO	DESCRIPTION IN THE EXTANT GUIDE	PROPOSED DESCRIPTION	RATES IN THE EXTANT GUIDE	RECOMMENDATION (RATES)	JUSTIFICATION	REMARKS
15	NIBSS/NACS/ETC - Processing fee	NIBSS/NEFT/NACS etc. - Processing Fee	Negotiable up to full recovery of cost	Negotiable/cost recovery	The charge should be enough to enable the banks recover cost of the transaction.	
16		Over-the-counter cash withdrawals below the limit set by the CBN cash withdrawal/lodgment policy		No charge	Banks are enjoined to encourage customers to use electronic channels, however, due to the infrastructural challenges, they should not charge customers for over the counter withdrawals.	

## GLOSSARY

BANKING TERMS	DEFINITION
Access fees	These are fees charged by a financial institution for access to its network or distribution/transmission system.
Accepting bank/paying bank	Bank which accepts a Bill of Exchange by counter-signing or endorsing it and thus incurs the legal obligation of paying the bills amount on its maturity date. The bank nominated in a letter of credit to accept or pay drawings under that letter of credit. It can be either the Issuing or the Advising/Confirming Bank.
Advance Payment Guarantee	A guarantee that enables the buyer to recover an advance payment made under a contract or order if the supplier fails to fulfill its contractual obligations. It is also an irrevocable commitment by a bank to make payment if a third party fails to supply specific goods or services.
Advising	Act of conveying the terms and conditions of a letter of credit to the beneficiary. The Advising Bank is the issuing bank agent, usually located in the beneficiary country. Advising also involves authentication i.e. the Advising Bank should take reasonable care to check the apparent authenticity of the credit (UCP600 Art 9).
Advising Bank	The bank, usually in the exporter's country, which advises the terms of the letter of credit to the exporter (this need not be the exporter's own bank).
Advising Commission	In inward letters of credit (export), this charge arises when a local bank simply verifies the authenticity of the credit and delivers same.
Advisory/Consultancy fees	Fees charged by financial institutions for advisory services.
Amendment	Alteration to the terms of a letter of credit; amendments must stem from the applicant, be issued and advised to the beneficiary; the beneficiary has the right to refuse an amendment.
Annual Percentage Rate	It is a standardized method of quoting the effective interest rate (actual cost of credit) on loans and advances. It includes all fees and takes into account the continual reduction of the principal amount through amortization.
Applicant	One who applies to his bank to issue a letter of credit; in the majority of credits issued the applicant is an importer of goods.

<b>BANKING TERMS</b>	<b>DEFINITION</b>
Appraisal fees	This is the fee charged by a professional to estimate the market value of a property. This is usually charged as a fixed amount or a percentage of the estimated value.
Assignment of Proceeds	The assignment (transfer) by the exporter to their right to part or all of the proceeds of a letter of credit to a third party (usually the supplier of the goods).
Back-to-Back Letter of Credit (LC)	Back to Back letter of credit is an irrevocable LC which serves as collateral for another LC. The advising bank of the first LC becomes the issuing bank of the second LC. It is also called counter credit or reciprocal LC.
Bank Guarantee	A type of guarantee in which a bank promises to repay the liabilities of a debtor in the event that the debtor is unable to pay. The guarantee is usually on the bank's letter-headed paper and is signed/sealed in line with the agreed terms.
Bankers Acceptance	A BA is a draft drawn on and accepted by a bank, unconditionally ordering payment of a certain sum of money at a specified time in the future to the order of a designated party. Since the instrument is negotiable, title to it is transferred by endorsement. It is a marketable instrument and allows a bank to finance its customers without necessarily utilizing its loanable funds. Instead, funds are provided by investors who are willing to purchase these obligations on a discounted basis.
Beneficiary	A payee or recipient, usually of money. A party in whose favour a letter of credit is established, usually the exporter.
Bid/Tender Bond or Bid Security	A bond/document purchased by a company or individual (bidding on a large project or sale) in order to demonstrate that the company has sufficient funds to complete the transaction for the price quoted in the bid, should the company be selected to execute that transaction. The bond/document guarantees that the bidder will not be prevented from fulfilling the contract by availability of funding.
Bills for Acceptance	This is a bill drawn between the drawer and the drawee which confers liability on the drawee before a transaction can take place.
Bills for Collection	A Bill for collection provides the trading parties, i.e. buyer and seller, with a compromise between open account and advance payment terms for the settlement of import transactions.
Bills Payment	A process used by financial institutions to collect payments for utilities (such as water bills, cable subscription payments, etc.), usually via e-banking channels.

<b>BANKING TERMS</b>	<b>DEFINITION</b>
Card Issuance fees	Fees charged by banks for the issuance of e-cards such as ATM cards, MasterCard, etc.
Cheque	A negotiable instrument drawn against deposited funds, to pay a specific amount of money to a specific person upon demand. Examples include bills of exchange and drafts.
Cheque Indemnities	This the assurance issued by the drawee to a third party, stating that the drawee will honour a cheque issued by a drawer in the event of the inability of the drawer to effect the payment of the cheque.
Clean Bill	A bill of lading issued by a carrier declaring that the goods have been received in an appropriate condition, without the presence of defects. The product carrier will issue a clean bill after thoroughly inspecting the packages for any damage, missing quantities or deviations in quality.
Collection Charge on Cheques	The fee which a financial institution charges for the collection of money from the account of the drawer.
Collecting Bank	The bank to which a person has deposited a cheque. Such a bank has the duty to collect the money from the account of the writer of the cheque.
Commercial Papers	A Commercial Paper is an unconditional promise by a person to pay to the order of another person a certain sum at a future date. Such an instrument may or may not carry the bank's guarantee.
Commitment Fees	Fee charged by financial institutions to keep a line of credit open (e.g. for internal guidance facilities).
Commission on Transaction	A fee charged by a financial institution for facilitating a withdrawal by its customer.
Confirming/Confirmation	Act of a bank other than the Issuing bank assuming the liability for honouring a letter of credit following receipt of a complying presentation. Confirmation is normally added at the request of the Issuing Bank.
Confirming Bank	The bank which adds its 'confirmation' (or irrevocable undertaking to pay) to that of the Issuing Bank. If no confirmation is added the letter of credit is unconfirmed.
Contingent Liability	A liability that arises only under specified conditions, e.g. When a bank opens a letter of credit it incurs an obligation to make a future payment on condition that the terms are fully met.
Counter Cheque	This is a bank printed cheque provided to customers whose cheques are not available at the point of withdrawal from the current/checking account.
Credit Bureau	This is a company that collects information from various sources and provides consumer credit information on individual consumers for a variety of uses.

<b>BANKING TERMS</b>	<b>DEFINITION</b>
Credit Reference Report	A report containing detailed information on a person's credit history including identifying information, credit accounts and loans, bankruptcies and late payments, as well as recent inquiries. It can be obtained by prospective lenders with the borrower's permission to determine his/her credit worthiness.
Daily Balance	The closing balance in a savings or deposit account in any given day.
Default Rate	This is the interest rate that financial institutions charge for failure of their customers to make payments on loan obligations as at when due, including late payments to their credit lines.
Discountable Instruments	This are investable instruments such as Treasury bills and other Federal Government short term debt instruments in which interest is earned upfront. Liquidity is guaranteed by the CBN for this instruments and is redeemable at any point in time through any authorized dealer (Banks and discount houses)
Discrepancy	Any deviation from the terms and conditions of a letter of credit, or the documents presented there under, or any inconsistency between the documents themselves.
Documentary Bill	Often used in international trading to mean a bill of exchange or commercial draft that is presented for payment usually along with other required documents such as certificate of insurance and certificate of origin.
Endorsement	The legal transfer of title of a document by signature, usually, but not necessarily, on the reverse.
Equipment Leasing	This refers to an arrangement that allows one party to purchase an equipment and then lease it to another party for an agreed upon cost. Usually the ownership of the equipment remains with the purchaser with an option to be transferred to the lessor upon the expiration of the lease period and upon the possible exercise of a buyout clause.
Establishment Commission	Is a commission charged when a bank initiate an outward letter of credit under import.
Expiry Date	Last date on which the beneficiary can fulfill the terms of an agreement, failing which the agreement becomes invalid.
Facility Restructuring fee	Fee charged when a borrower request to change terms and conditions of existing facility. This will usually apply when there is need to renegotiate a debt.

<b>BANKING TERMS</b>	<b>DEFINITION</b>
Foreign Cheque Purchase	This is a service in which value is given on a foreign cheque deposited into an account before the cheque clearing processes are completed.
Form M	This is an application form to import goods into Nigeria, the form is processed through any authorized dealer bank irrespective of the value of the goods and whether payment is involved or not.
FPRD	Financial Policy and Regulation Department – A department in the CBN.
Handling Commission	Banking commission charged in processing both outward and inward letters of credit.
Honour	The discharge by a bank of its obligations under a letter of credit following its receipt of documents that comply with the terms of the letter of credit, UCP600 and standard international banking practice. This is done by paying at sight if the credit is available by sight payment, incurring a deferred payment undertaking and paying at maturity if the credit is available by deferred payment or accepting a bill of exchange drawn by the beneficiary and paying at maturity if the credit is available by acceptance.
Issuing Bank	The bank that opens a letter of credit at the request of its customer, the applicant.
Indemnities	An undertaking given to compensate for (or to provide protection against) injury, loss, incurred penalty or from a contingent liability.
Insurance Debt	Payment of insurance premium on behalf of the bank customer to the insurance company.
Inward telegraphic transfer	This is the receipt of funds by SWIFT/Telex from an overseas party. It allows the receipt of funds in various currencies all over the world.
Letters of credit	A written commitment to pay, by a buyers or importers bank (called the issuing bank) to the sellers or exporters bank (called the accepting bank, negotiating bank or paying bank). LCs guarantees a payment of a specified sum in a specified currency provided the seller meets precisely defined conditions and submits the prescribed documents within a fixed time frame.
Maintenance Fee	Banking fee on electronic cards charged annually in line with agreement where applicable.
MPR (Monetary Policy Rate)	This is the baseline interest rate set by the CBN to control the amount of money in circulation at any given time. A higher MPR shrinks money supply while a lower MPR expands money supply.

<b>BANKING TERMS</b>	<b>DEFINITION</b>
NEFT (NIBSS Electronic Funds Transfer)	This is an electronic payment system that enables the execution of transfer instruction between banks on the NIBSS platform.
Negotiation	Negotiation means the purchase by the nominated bank of drafts (drawn on a bank other than the nominated bank) and/or documents under a complying presentation, by advancing or agreeing to advance funds to the beneficiary on or before the banking day on which the reimbursement is due to the nominated bank. Mere examination of the documents without giving value does not constitute a negotiation.
Negotiable Loan/contract	A negotiable loan/contract is one whose terms can be decided by agreement between the parties to the loan/contract.
Negotiation of Documents	Refers to a situation where LC documents are scrutinized as per international standard of scrutiny and discrepancies are found with the LC terms. The negotiating bank may opt to give value by paying or incurring a deferred payment obligation as per the LC provided the beneficiary undertakes to indemnify the negotiating bank in the event of rejection of the LC by the opening bank
NIBSS (Nigeria Inter-bank Settlement System)	This is an institution that provides the infrastructure for automated processing, settlement of payments and fund transfer instruction between banks, discount houses and card companies in Nigeria. It is owned by deposit money banks and the CBN. Discount houses also have shares.
OD (Overdraft)	Loan arrangement under which a bank extends credit up to a maximum amount (called overdraft limit) against which a current (checking) account customer can write cheques or make withdrawals.
Past Due	Bill or loan that has not been paid on the maturity date/due date.
Payroll Solution	This is a computerized payroll software that performs payroll processing duties such as salary payments, wage deductions, tax calculations etc.
Per Mille	This means a tenth of a percent or one part of a thousand. It is computed as 1/1000 or 0.001%.
Performance Bond	A written guarantee from a third party guarantor (usually a bank) submitted to a principal (client or customer) by a contractor to ensure the payment of a sum of money (usually covering 100% of the contract sum) in case the contractor fails in the full performance of the contract.
Presentation	Act of requesting the importer's payment/ acceptance of an import bill or, in UCP600 terminology, either delivery to the Issuing Bank, Confirming Bank or other Nominated Bank of documents for honour under a letter of credit, or



<b>BANKING TERMS</b>	<b>DEFINITION</b>
	the documents so delivered.
Prevailing Interest Rate	A term used by financial institutions to describe the average interest rate being charged by lending institutions.
Processing Fees	Money paid to lenders by borrows for collecting needed information to setup credit facilities.
Promissory Notes	Is a written, signed unconditional promise by one party (the issuer) to pay a determinate sum of money to the other (the payee) either at a fixed or determinate future time or on demand by the payee under specific terms.
Revalidation	Official approval or confirmation of a document after a change has been effected on the same document.
Revolving Credit	A credit automatically reinstated after each drawing or upon receipt of authorization from the letter of credit issuing bank, with limits as to the duration of the facility and as to the (cumulative or non-cumulative) amount involved for each drawing.
Sight	A bill payable at sight is payable on presentation to the drawee, i.e. on demand.
Standby Credit	This may be established as security for facilities granted at another branch or bank, usually to a subsidiary of the standby letter of credit applicant.
Usance Bill	A Bill of Exchange which allows the drawee a term or period of credit (this period is also called usance). The term is usually stated in days (e.g. 30 days) or months and starts either from the date of the bill (e.g. 30 days date) or from the date of bill of lading, or from sight by the drawee (e.g. 30 days sight) which in practice means from the date of acceptance.
Unauthorized OD	If an account becomes overdrawn without the bank's prior permission (that is: go into an unauthorized overdraft or exceed your authorized overdraft limit) the bank will impose penalty charges. e.g late repayment of Loan facility.

## MINIMUM DISCLOSURE REQUIREMENTS IN OFFER LETTERS FOR LOANS

### 1. CONSUMER LOAN

This encompasses the various types of loans given to individuals either to finance the acquisition of an asset or to execute personal projects. Some of these loans are unsecured and are based on the borrower's ability to repay.

- (a) Unsecured personal loans;
- (b) Secured personal loans;
- (c) Computer loans;
- (d) Auto loans;
- (e) Other forms of bridging finance availed to borrowers.

S/N	DISCLOSURE REQUIREMENT	
1	Name and address of creditor	This includes the name, address and day-time contact details of the borrower.
2	Item financed	This states the consumer good(s) to which the bank is financing.
3	Itemization of amount financed	This gives a breakdown of the item(s) being financed.
4	Annual percentage rate (APR)	This is the interest rate which will be charged by the bank on the amount disbursed.
5	Variable rate information	This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer.
6	Payment schedule	The bank should also disclose with details, all necessary repayment information including the monthly, quarterly or other repayment sums as was agreed with the borrower.
7	Prepayment Terms	This includes all information the borrower needs to know during the consummation of the facility, such as the customer's rights (and penalties) in the event of his decision to pay off the facility before its expiration, etc.
8	Late payment policy	This should detail all penalties that will be suffered by the borrower in the event of default.
9	Collateral	The bank will be required to disclose the property,

		goods, shares and/or other assets pledged by the borrower as security for the facility.
10	Insurance requirements (where applicable)	The bank is expected to disclose the nature of insurance policy required for the facility.
11	Repayment terms	This includes all information the borrower needs to know before the consummation of the facility, which includes information such as the bank's right to call in the facility (in the event of certain occurrences), etc.
12	Loan tenor	This spells out the approved duration for the facility.
13	Conditions precedent to drawdown	This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc.

## 2. MORTGAGE LOANS

S/N	DISCLOSURE REQUIREMENT	
1	Name and address of creditor	This includes the name, address and day-time contact details of the borrower.
2	Description property financed	This should describe location and other features of property being financed by the bank.
3	Itemization of amount financed	This gives a breakdown of the item(s) being financed.
4	Annual percentage rate (APR)	This is the interest rate which will be charged by the bank on the amount disbursed.
5	Variable rate information	This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer.
6	Payment schedule	The bank should also disclose with details, all necessary repayment information including the monthly, quarterly or other repayment sums as was agreed with the borrower.
7	Prepayment Terms	This includes all information the borrower needs to know during the consummation of the facility, such as the customer's rights (and penalties) in the event of his decision to pay off the facility before its expiration, etc.

8	Late payment policy	This should detail all penalties that will be suffered by the borrower in the event of default.
9	Collateral	Usually, the security for the loan is the property being financed.
10	Insurance requirements (where applicable)	The bank is expected to disclose the nature of insurance policy required for the facility.
11	Repayment terms	This spells out the approved duration for the facility.
12	Loan tenure	This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc.

### 3. OVERDRAFTS

S/N	DISCLOSURE REQUIREMENT	
1	Name and address of creditor	This includes the name, address and day-time contact details of the borrower.
2	Reason for the loan	This should describe the customer's needs which the overdraft is aimed to finance.
3	Overdraft limits	The limits on the OD line should be clearly stated.
4	Annual percentage rate (APR)	This is the interest rate which will be charged by the bank on the amount disbursed.
5	Variable rate information	This should clearly state the possibility of increase in rates in line with money market conditions. It should also outline the bank's responsibilities in the event of a movement in rates, including the means and timing of its notification to the customer.
6	Late payment policy	This should detail all penalties that will be suffered by the borrower in the event of default.
7	Collateral	Usually, the security for the loan should be clearly stated.
8	Insurance requirements (where applicable)	The bank is expected to disclose the nature of insurance policy required for the facility.
9	Repayment terms	This spells out the approved duration for the facility.
10	Loan tenure	This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, etc.

**MINIMUM DISCLOSURE REQUIREMENTS IN AN OFFER LETTER  
FOR CREDIT FACILITIES**

**GENERAL REQUIREMENTS\*\***

S/N		
1	Name of borrower	This includes the name of the borrower.
2	Contact details of the borrower	This should clearly state the address (location), telephone number, email, etc. of the borrower.
3	Credit type	This states the type of facility approved for the borrower.
4	Purpose of the credit	This states the reason for which the facility is granted.
5	Amount	This is the amount approved for the facility.
6	Collateral	The bank should disclose the asset pledged by the borrower as security for the facility (e.g. shares, landed property, cash, etc.).
7	Loan tenor	This spells out the approved duration for the facility.
8	Interest rate	This is the annual interest rate to be charged by the bank on the amount outstanding (except for overdrafts).
8	Variable rate information	This should clearly state the possibility of changes in rates in line with money market conditions. It should include notification and time lines for concurrence by customers to the changes. The new rates (both increase and decrease) can only apply 48 hours after the notification. The variable rate information should also outline the bank's responsibilities in the event of such movements in rates.
9	Fees and commissions	The fees and commissions are as contained in the Guide. These should be stated in percentage and Naira terms.
10	Repayment terms	This should state the frequency (i.e. monthly, quarterly, bullet etc.) of repayment of principal and interest on outstanding balance. It should also state the date on which the repayments fall due.

11	Repayment schedule	The bank should provide in details, the periodic amounts to be repaid by the borrower within the tenor of the facility.
12	Early Liquidation Terms	This includes all information the borrower needs to know, including rights/obligations, or penalties, in the event of liquidation of the facility, before the expiry date, in line with Guide.
13	Late repayment	This should detail all penalties that will be borne by the borrower in the event of default, in line with the Guide.
14	Insurance requirements (where applicable)	The bank is expected to disclose the nature of insurance policy required for the facility.
15	Conditions precedent to drawdown	This details all requirements which must be fulfilled by the borrower before drawdown on the facility. Such information includes the submission of Insurance documents, perfection of collateral documentation, acceptance of loan offer letter, etc.

\*\* The following are additional conditions that may be required for specific contingent liabilities:

**MINIMUM DISCLOSURE REQUIREMENTS FOR CONTINGENT LIABILITY**

<b>PRODUCTS</b>	<b>DISCLOSURE REQUIREMENTS</b>	<b>NARRATION</b>
<b>Bid Bond</b>	<ul style="list-style-type: none"> <li>- Bank should issue offer letter stating all terms and conditions;</li> <li>- Where customer provides cash – Place in an investment account at an agreed rate;</li> <li>- Where bank provides funds – Parties should agree on a rate;</li> <li>- Transaction dynamics</li> </ul>	
<b>Performance Bond</b>	<ul style="list-style-type: none"> <li>- Issue offer letter stating all terms and conditions, based on risk assessment</li> </ul>	
<b>Advance Payment Guarantee</b>	<ul style="list-style-type: none"> <li>- Issue offer letter stating all terms and conditions, specifically utilization of proceeds to be received;</li> <li>- Appointment of quantity surveyor/expert</li> </ul>	
<b>Bank Guarantee</b>	<ul style="list-style-type: none"> <li>- Issue offer letter stating all terms and conditions, most importantly when risk crystallizes;</li> <li>- Move to investment account, where customer provides funds.</li> </ul>	
<b>Indemnities</b>	<ul style="list-style-type: none"> <li>- Issue offer letter stating all terms and conditions and specify when risk crystallizes.</li> </ul>	