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**CIRCULAR TO ALL BANKS**

**THE NEED TO ADHERE TO THE AGREED LENDING RATES AND OTHER CHARGES AS PROVIDED IN THE GUIDE TO BANK CHARGES**

It will be recalled that the above subject was passionately discussed during the Bankers' Committee Meeting of April 20, 2004, following the observation that some banks had continued to charge in excess of the agreed rates and violate some provisions of the Guide to Bank Charges.

Banks are reminded that in line with the position of the stakeholders, i.e. Government, CBN and the Banks and the circular ref: BSD/06/2002, stipulating a maximum interest rate of 4% above the Minimum Rediscount Rate (MRR), every bank is hereby advised to strictly adhere to the agreed interest rates on bank lending and other provisions of the Guide to Bank Charges, as recently adopted.

Consequently, any bank that contravenes this requirement will henceforth refund the entire excess charges, plus the interest thereon to the customer, in addition to other regulatory sanctions that will be imposed.

Furthermore, in order to reduce the banks' overall cost of funds, particularly the overheads, banks are also advised to review their personnel costs downwards to sustainable levels.

The above requirements take immediate effect as agreed during the last Bankers' Committee Meeting of April 20, 2004.

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