

AT A GLANCE:

UPDATE ON CBN'S REGULATORY DIRECTIVES ON CASH WITHDRAWAL LIMITS

Following feedback received from stakeholders on its Circular of December 6, 2022 (“**earlier Circular**”), the Central Bank of Nigeria (“**CBN**”), via a new Circular titled: “**Re: Naira Redesigned Policy – Revised Cash Withdrawal Limits**” and dated December 21, 2022, with reference number: BSD/DIR/PUB/LAB/015/073 (“**updated Circular**”), announced a review of its earlier regulatory directives to

commercial banks and other financial institutions (“**OFIs**”) on the revised cash withdrawal limits set to take effect from January 9, 2023.

The table below highlights the changes made by the updated Circular to the regulatory directives set out in the earlier Circular.

S/N	TRANSACTION	EARLIER CIRCULAR	UPDATED CIRCULAR
1.	OTC Cash Withdrawal Limit.	<ul style="list-style-type: none"> • ₦100,000 maximum per week for individuals. • ₦500,000 maximum per week for corporates. 	<ul style="list-style-type: none"> • ₦500,000 maximum per week for individuals. • ₦5,000,000 maximum per week for corporates.
2.	OTC Cash Withdrawal Above Limit.	<ul style="list-style-type: none"> • Attracts 5% processing fee for individuals and 10% processing fee for corporates. • Permitted in compelling circumstances, not more than once in a month and not exceeding ₦5,000,000 and ₦10,000,000 respectively for individuals and corporates. • Allowed only for legitimate purposes. • Requires payee’s valid means of identification (NIN, International Passport or Driver’s Licence). • Requires payee’s Bank Verification Number (BVN). 	<ul style="list-style-type: none"> • Attracts 3% processing fee for individuals and 5% processing fee for corporates. • Permitted in compelling circumstances and no longer limited to once a month or subject to maximum limits. • Allowed only for legitimate purposes. • Requires payee’s valid means of identification (NIN, International Passport or Driver’s Licence). • Requires payee’s Bank Verification Number (BVN).

AT A GLANCE: UPDATE ON CBN'S REGULATORY DIRECTIVES ON CASH WITHDRAWAL LIMITS

S/N	TRANSACTION	EARLIER CIRCULAR	UPDATED CIRCULAR
		<ul style="list-style-type: none"> Requires notarized declaration by the customer, stating the purpose for the cash withdrawal. Requires senior management approval of the drawee's Managing Director (where applicable). Requires written approval of the MD/CEO of the financial institution authorizing the withdrawal 	<ul style="list-style-type: none"> Notarized declaration of purpose for the cash withdrawal and senior management approval of the drawee's Managing Director, no longer required. Requires written approval of the MD/CEO of the financial institution authorizing the withdrawal. Tax Identification Number (TIN) of both the payee and the payer now required.
3.	ATM Cash Withdrawal Limit.	<ul style="list-style-type: none"> ₦100,000 maximum per week subject to daily maximum of ₦20,000. 	<ul style="list-style-type: none"> Retained.
4.	PoS Terminal Cash Withdrawal Limit.	<ul style="list-style-type: none"> ₦20,000 maximum per day. 	<ul style="list-style-type: none"> Retained.
5.	Third Party Cheque OTC Payment & Clearing Limits.	<ul style="list-style-type: none"> Third party cheques of values above ₦50,000 shall not be eligible for cash payment over the counter. Extant limits of ₦10,000,000 on clearing cheques continue to apply. 	<ul style="list-style-type: none"> Third party cheques of values above ₦100,000 shall not be eligible for cash payment over the counter. Extant limits of ₦10,000,000 on clearing cheques continue to apply.

Commentary

While the updated Circular supersedes the earlier Circular, it is important to note that the effective date of the regulatory directives (January 9, 2023) remains unchanged. In the same vein, all regulatory and compliance obligations of financial institutions regarding anti-money laundering/combating the

financing of terrorism (AML/CFT), know-your-customer (KYC) regime, returns rendition, customer due diligence and suspicious transaction reporting, among others, remain the same under the updated Circular.

Furthermore, whilst the earlier Circular was addressed to only commercial banks and OFIs, in the

AT A GLANCE: UPDATE ON CBN'S REGULATORY DIRECTIVES ON CASH WITHDRAWAL LIMITS

updated Circular, Mobile Money Operators (MMOs) and Agents were included. This, in our opinion, is not unconnected to the widespread view that the cash withdrawal limits in the earlier Circular would stifle agent banking business and other cash-based enterprises, particularly those operating in underserved and rural communities, with sparsely located ATMs or little or no stable internet access required for mobile and electronic banking. It has been argued that the directives in the earlier Circular would have been counterproductive to the CBN's policy of financial inclusion, as it could exclude millions of informal sector players from the financial system. The updated Circular is therefore a welcome development. As the CBN continues in its drive towards a cashless economy, other stakeholders, including players in the telco and fintech space must also collaborate so that we can have the much-needed infrastructure and systems that will promote financial inclusion in Nigeria.



Click [here](#) to read our commentary on the legal, regulatory and compliance implications of the earlier Circular on businesses.

DISCLAIMER: This publication is only intended to provide general information on the subject matter and does not by itself create a client/attorney relationship between readers and our Law Firm or serve as legal advice. We are available to provide specific advice on the subject of this newsletter, as may be required.

Contact Persons:



Seyi Bella

Partner

E: sbella@banwo-ighodalo.com



Oluwatoba Oguntuase

Senior Practice Support Lawyer

E: ooguntuase@banwo-ighodalo.com