

SMALL AND MEDIUM ENTERPRISES REMITTANCES (FORM Q)

6.1 INTRODUCTION

Small and Medium Enterprises (SMEs) are critical to the development of any economy as they possess great potentials for employment generation, improvement of local technology, output diversification, development of indigenous entrepreneurship and forward integration with large-scale industries.

In a bid to accommodate all stakeholders in the foreign exchange market the CBN via a circular ref. **TED/FEM/FPC/GEN/01/002** advised all authorized dealers and the public of its decision to intervene in the foreign exchange market to ensure payments for eligible imports by small and medium scale enterprises. Under this arrangement eligible SMEs can access FX from the official window up to a maximum of USD20,000.00 per quarter with minimum documentation.

A revised circular ref **TED/FEM/FPC/GEN/01/005** specified the following conditions that must be met by SMEs who intend to access official foreign exchange through the special window:

- Duly completed form Q.
- Application Letter from the customer.
- Applicant must be an account holder with Premium Trust Bank and must have operated the account for at least 6 months.
- Foreign Bank Transfer Details.
- Proforma Invoice from the offshore supplier/ beneficiary.

6.2 FORM Q REMITTANCE PROCEDURAL FLOW

The Branch submits customer's request for remittance under the SME to International Trade Services after confirming the following:

- I. That customer qualifies as SME (i.e.: Asset Base is below NGN500M; Employee Base is below 300).
- II. That customer has operated account with the bank for a minimum of 6 months.
- III. That customer's account is funded to cover the transaction.

- IV. That customer's request is supported with appropriate documentation.
- V. That cumulative customer's request does not exceed \$20,000.00 per quarter or any other limit as may be approved by the CBN and advised by Trade Services from time to time.

The Trade Services Officer conducts a second level confirmation of submitted transaction and upon satisfactory review the transaction is processed and approved by the Trade Authorizer. This is to ensure compliance with extant regulation.

On transaction consummation, the below entries are generated alongside a SWIFT MT103.

- ❖ DR Customer (NGN equiv. of transfer amount)
- ❖ CR SME (FCY Suspense) with transfer amount

- ❖ DR: SME (FCY Suspense) with transfer amount
- ❖ CR Nostro with transfer amount

- ❖ Dr: Customer with SWIFT Recovery
- ❖ Cr: SWIFT Recovery Account commission a/c

Under the CBN special arrangement for SME payments, Banks are only entitled to FX spread on the amount sold and telex recovery charge. There is no commission charged on the amount remitted.