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CIRCULAR TO ALL BANKS

SANCTIONS FOR VIOLATION OF THE DECISION ON MAXIMUM DEPOSIT RATE, LENDING RATE AND OTHER CHARGES

1. It will be recalled that the Bankers' Committee at its meeting of March 21, 2009 unanimously decided to reduce maximum deposit rate to 15 per cent per annum, lending rate to 22 per cent per annum, and other charges to 2 per cent per annum with effect from April 1, 2009 till December 31, 2009 in the interest of the banking industry.
2. However, in less than two weeks after the said Bankers' Committee decision was made public, some banks have resumed the fierce competition for deposits by offering deposit rates in excess of the agreed maximum of 15 per cent per annum in order to entice depositors to move their deposits from one bank to the other.
3. The CBN considers the actions of the erring banks as infringement on its regulatory powers and a deliberate attempt to undermine the effectiveness of its efforts at promoting a sound and healthy banking system in Nigeria.
4. To effectively deter and penalize actual violations of the Bankers' Committee's decision on maximum deposit rate, lending rate and other charges, the following sanctions shall, without prejudice to the

provisions of Section 60 and 60A of BOFIA, 1991 as amended, be applied against erring banks.

- i. First Time
Monetary penalty of N50 million and a letter of warning to the MD/CEO of the erring bank.
 - ii. Second Time
Suspension of the bank from accessing the RDAS and Class 'A' Bureau de Change window in addition to the fine of N50 million.
 - iii. Third Time
Suspension of the MD/CEO, and all officials of the bank involved in the breach.

The implementation of these sanctions takes immediate effect.

D. A. N. EKE Ag. DIRECTOR OF BANKING SUPERVISION