



OTHER FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT
E-mail: info@ofisdcn.gov.ng
Website: www.cbn.gov.ng

CENTRAL BANK OF NIGERIA
Central Business District
Cadastral Zone AO
P.M.B 0187, Garki
Abuja

OFI/DOA/CON/OFI/001/304

January 09, 2023

LETTER TO ALL OTHER FINANCIAL INSTITUTIONS

PROHIBITION OF PLACEMENT/INVESTMENT IN FUNDS MANAGED BY UNINSURED ENTITIES

The Central Bank of Nigeria has observed that a number of institutions in the Other Financial Institutions (OFIs) sub-sector have substantial assets invested in various funds managed by uninsured entities. Most of these assets with uninsured entities are disguised as placements or investments in banks and other financial institutions. These transactions are not only outside the scope of permissible activities of OFIs but also place depositors' funds at risk.

The high credit and liquidity risks involved in placements and investments in products or funds managed by uninsured entities on the OFIs and the entire sub-sector cannot be overemphasized, as the probability of recovery of the invested funds, or compensation in any form, in the event of counterparty default, is extremely low.

In view of the above, all OFIs are required to immediately divest from all managed funds or products of uninsured entities and desist from such investments in future. In addition, any existing placement(s) in such entities by any OFI must be liquidated within 90 days of the date of this letter.

Please be guided accordingly.

Nkiru Asiegbu
Director, Other Financial Institutions Supervision Department