



## CENTRAL BANK OF NIGERIA

Financial Policy & Regulation Department

Central Business District

P.M.B. 0187

Garki, Abuja.

Tel. 09-46237401.....

E-mail: [fprd@cbn.gov.ng](mailto:fprd@cbn.gov.ng)

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Circular to all banks

### **REDUCTION IN CASH RESERVE REQUIREMENT (CRR) TO ENHANCE BANKS' LIQUIDITY FOR REAL SECTOR FINANCING**

The Monetary Policy Committee (MPC), at its 104<sup>th</sup> meeting held on November 23<sup>rd</sup> and 24<sup>th</sup>, 2015, reduced the CRR by 500 basis points, from 25 per cent to 20 per cent with a view to channeling the liquidity arising therefrom to the real sector. The reduction is part of the Bank's initiatives towards stimulating output growth, expanding the industrial base, diversifying the economy and increasing the accretion to foreign reserves.

To give effect to the above policy thrust, the CBN is introducing measures to ensure that funds realized from the reduction in CRR are applied strictly to qualifying projects.

Consequently, deposit money banks are henceforth required to appraise their customers' loan requests relating to the agricultural value chain, manufacturing, mining and solid minerals, infrastructure and other real sector-related projects and forward same to the CBN for final approval and disbursement. It should be noted that trading activities and refinancing of projects are not encouraged under this programme.

For further information, please contact the Director, Development Finance Department, Central Bank of Nigeria, Abuja.

A handwritten signature in black ink, appearing to read 'Kevin N. Amugo', written over a horizontal line.

**KEVIN N. AMUGO**

**DIRECTOR, FINANCIAL POLICY & REGULATION DEPARTMENT**