



BANKING AND PAYMENTS SYSTEM DEPARTMENT

CENTRAL BANK OF NIGERIA

Central Business District

P.M.B. 0187,

Garki, Abuja.

+234 - 0946238445

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To: All Deposit Money Banks and the Nigeria Inter-Bank Settlement System (NIBSS)

EXTENSION OF SETTLEMENT BANKING ARRANGEMENT TO ALL THE CLEARING SESSIONS

You will recall that the Central Bank of Nigeria introduced settlement banking framework on 1st April 2004. The framework categorized Deposit Money Banks into settlement and non-settlement banks. The settlement banks settle their net settlement obligations and that of their non-settlement banks arising from cheque clearing and other instruments during sessions 1 and 2. The non-settlement banks enter into agency agreement with settlement banks and pledge appropriate collaterals accordingly.

The aforementioned framework has been working well and contributed to the relative stability in the net settlement operations for settlement of clearing sessions 1 and 2 on the RTGS System.

In view of this, it has become imperative for the Bank to extend the settlement banking arrangement to all the clearing sessions, with effect from 1st January, 2018. Specifically, the settlement of net clearing obligations from CSCS, Cheques, Cards, ACH, NIP, NEFT and other clearing instruments shall be through the account of Settlement Banks only.

In this regard, Settlement Banks are hereby advised to update the agency agreements with their respective non-settlement banks. Merchant banks that do not have settlement banks should appoint a settlement bank and inform the Director, Banking & Payments System Department, CBN Abuja, on or before 15th December, 2017, with a copy of the letter from the settlement bank, accepting to settle for them.

Please be guided accordingly.

DiPO FATOKUN

Director, Banking and Payments System Department