

CENTRAL BANK OF NIGERIA



MONETARY, CREDIT, FOREIGN TRADE AND EXCHANGE POLICY GUIDELINES FOR 1997 FISCAL YEAR

(MONETARY POLICY CIRCULAR NO. 31)

TABLE OF CONTENTS

	Page
INTRODUCTION	1
SECTION ONE	1
REVIEW OF MACROECONOMIC AND POLICY ENVIRONMENT ..	1
Macroeconomic Developments	1
Objectives of Monetary, Credit and External Sector Policies in 1997	4
SECTION TWO	6
MONETARY AND CREDIT POLICY MEASURES IN 1997	6
BANKS	6
Open Market Operations	6
Reserve Requirements	7
(a) Cash Reserve Requirement	7
(b) Liquidity Ratio	7
Stabilization Securities	9
Discount Window Operations	9
Moral Suasion	10
Interest Rate Policy	10
Promotion and Development of the Money Market	14
Resolving Financial Sector Distress	15
Improved Banking Policy Environment for Merchant Banks	16
Bank Credit Expansion	17
Sectoral Allocation of Credit	18
Grace Periods on Loans to Agriculture	18
Prudential Guidelines for Licensed Banks	20
Capital Funds Adequacy	21
Increase in Minimum Paid-Up Capital Requirement of Banks	21

TABLE OF CONTENTS (Cont'd)

	Page
Appointment of Compliance Officers by Banks	22
Restriction on Banks Serving as Issuing Houses	23
Responsibilities of Banks' External Auditors to the Supervisory Authorities	23
Banks' Equity Holding in Companies	24
Banks Operating Subsidiary Companies Offering Financial Services	24
Public Complaints Desk at the Central Bank of Nigeria ..	24
Bank Returns	25
Penalties for Default	29
OTHER FINANCIAL INSTITUTIONS	32
Finance Companies	33
Discount Houses	34
Insurance Companies and Development Banks	34
Bureaux de Change	35
Primary Mortgage Institutions, Community Banks and People's Banks	35
Penalties for Default	35
POLICY ON TRANSPARENCY IN FINANCIAL TRANSACTIONS ..	36
SECTION THREE	37
FOREIGN TRADE AND EXCHANGE POLICY	37
New Policy Measures for 1997	38
Existing Policy Measures Retained in 1997	39
General Policy Guidelines	46
APPENDIX	48
IMPORT PROHIBITION LIST - 1997	48
EXPORT PROHIBITION LIST - 1997	49