



To: See distribution below

From: Director, Currency Operations Department

Date: 14<sup>th</sup> August, 2019

Ref: **COD/DIR/CON/CMF/14/005**

**SUBJECT: CIRCULAR ON THE GUIDELINES FOR THE DISBURSEMENT OF LOWER DENOMINATION BANKNOTES FOR MICROFINANCE BANKS (MFBS) INVOLVED IN THE SCHEME**

- 1) The MFBS shall have a Composite Risk Rating (CRR) of ABOVE AVERAGE in the most recent RBS/Target examination. Restricting participation to MFBS with satisfactory ratings will ensure that only MFBS with good corporate governance practices take part.
- 2) The MFBS shall accept a mixture of new and Counted Audited Clean (CAC) banknotes under the intervention scheme.
- 3) The MFBS shall give 20% of any withdrawal in lower denomination banknotes subject to a maximum of ₦50,000.00. Where beneficiaries withdraw more than once a day, the disbursement under the initiative will apply to only one transaction per day.
- 4) The MFBS shall exchange banknotes subject to a maximum of ₦50,000.00 for customers with accounts and ₦10,000.00 for customers without accounts. The MFBS shall not exchange for same beneficiary more than once a week.
- 5) The MFBS shall:
  - (i) maintain a register of the amount received from the CBN through its correspondent bank/DMB.
  - (ii) maintain a register of the beneficiaries of the disbursement. The register will contain amount, denominations disbursed, names, addresses and phone numbers (template attached).

- (iii) ensure that withdrawal teller slips contain a breakdown of the denomination of the currency disbursed to customers with accounts.
  - (iv) ensure that disbursement to customers without accounts shall be recorded in the Daily Withdrawal Register (DWR) which shall contain the amount, denominations disbursed and details of the beneficiaries (names, addresses, phone numbers and means of identification e.g. National I.D. card, Drivers License ,International passport and Permanent Voters Card).
  - (iv) ensure that the serial numbers of all banknote disbursed are captured.
- 6) MFBs shall not sell, hoard or use the funds obtained under the intervention for any other purpose other than for which it was intended.
  - 7) MFBs shall put in place effective internal control measures to ensure that banknotes disbursed to customers with accounts and customers without accounts are not sold.
  - 8) MFBs shall render weekly/monthly Returns to CBN Branches on lower denomination banknotes disbursed.
  - 9) CBN shall monitor the disbursement of the banknotes periodically.
  - 10) Appropriate sanctions shall apply for non-compliance with these modalities.

You are hereby advised to strictly comply with these guidelines.

Thank you