Banks and other Financial Institutions Act

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Banks and other Financial Institutions Act 1991
Laws of the Federation of Nigeria

The Federal Military Government hereby Acts as follows: -

Part 1: Banks

Establishment of Banks, Etc.

1. (1) The Central Bank of Nigeria (hereafter in this Act referred to as "the Bank") shall have all the functions and powers conferred and the duties imposed on it by this Act.

(2) The Bank shall in addition to the functions and powers conferred on it by this Act, have the functions and powers conferred and the duties imposed on the Bank by the Central Bank of Nigeria Act 1991.

(3) The Bank may authorise or instruct any officer or employee of the Bank to perform any of the functions, exercise any powers, or discharge any of its duties under this Act.

(4) The Bank may, either generally or in any particular case, appoint any person who is not an officer or employee of the Bank, to render such assistance as it may specify in the exercise of its powers, the performance of its functions, or the discharge of its duties under this Act, or to exercise, perform or discharge the functions and duties on behalf and in the name of the Bank.

(5) For the purposes of this Act, a person shall be deemed to be receiving money as deposits -

(a) if the person accepts deposit from the general public as a feature of its business or if it issues an advertisement or solicits for such deposit;

(b) notwithstanding that it receives moneys and deposits which are limited to fixed amounts or that certificates or other instruments are issued in respect of any such amounts providing for the repayment to the holder thereof either conditionally or unconditionally of the amount of the deposits at specified or unspecified dates or for the payment of interest or dividend on the amounts deposited at specified intervals or otherwise, or that such certificates are transferable.

(6) Notwithstanding anything contained in this section to the contrary, the receiving of moneys against any issue of shares and debentures offered to the public in accordance with any enactment in force within the Federation shall not be deemed to constitute receiving moneys as deposits for the purposes of this Act.

2. (1) No person shall carry on any banking business in Nigeria except it is a company duly incorporated in Nigeria and holds a valid banking licence issued under this Act.

(2) Any person who transacts banking business without a valid licence under this Act is guilty of an offence and liable on conviction to a term of imprisonment not exceeding 10 years or a fine exceeding -N-500,000 or to both such imprisonment and fine.

3. (1) Any person desiring to undertake banking business in Nigeria shall apply in writing to the Governor for the grant of a licence and shall accompany the application with the following-

(a) feasibility report of the proposed bank;
(b) a draft copy of the memorandum and articles of association of the proposed bank;
(c) a list of the shareholders, directors and principal officers of the proposed bank and their particulars;
(d) the prescribed application fee; and
(e) such other information, documents and reports as the Bank may, from time to time, specify.

(2) After the applicant has provided all such information, documents and report as the Bank may require under subsection (1) of this section, the shareholders of the proposed bank shall deposit with the Bank a sum equal to the minimum paid-up share capital that may be applicable under section 9 of this Act.

(3) Upon the payment of the sum referred to in subsection (2) of this section, the Governor may issue a licence with or without conditions or refuse to issue a licence and the Governor need not give any reasons for the refusal.

(4) Where an application for a licence is granted, the Bank shall give written notice of that fact to the applicant and the licence fee shall be paid.

4. The Bank may invest any amount deposited with it pursuant to section 3(2) of this Act in treasury bills or such other securities until such a time as the Governor shall decide whether or not to grant a licence, and where the licence is not granted the Bank shall repay the sum deposited to the applicant, together with the investment income after deducting administrative expenses and tax on the income.

5. (1) Except as provided in section 9(2) of this Act, the Governor may vary or revoke any condition subject to which a licence was granted or may impose fresh or additional conditions to the grant of a licence.

(2) Where the grant of a licence is subject to conditions, the bank shall comply with those conditions to the satisfaction of the Bank within such period as the Bank may deem appropriate in the circumstances.

(3) Any bank which fails to comply with any of the conditions of its licence is guilty of an offence under this section and shall be liable on conviction to a fine not exceeding N1,000 for each day during which the condition is not complied with.

(4) Where the Governor proposes to vary, revoke or impose fresh or additional conditions on a licence, he shall, before exercising such power, give notice of his intention to the bank concerned and give the bank an opportunity to make a representation to him thereon.

(5) Any bank which fails to comply with any fresh or additional condition imposed in relation to its licence is guilty of an offence and liable on conviction to a fine of N100,000 and where the offence continues, to an additional fine of N1,000 for each day during which the offence continues.

6. No bank may open or close any branch office anywhere within or outside Nigeria except with the prior consenting writing of the Bank.

7. Except with the prior consent of the Governor, no bank shall enter into an agreement or arrangement-

(a) which results in a change in the control of the bank;
(b) for the sale, disposal or transfer howsoever of the whole or any part of the business of the bank;
(c) for the amalgamation or merger of the bank with any other person;
(d) for the reconstruction of the bank;
(e) to employ a management agent or to transfer its business to any such agent.

8. (1) Except with the approval of the Bank, no foreign bank shall operate a representative office in Nigeria.

(2) Any person who contravenes subsection (1) of this section or section 7 of this Act is guilty of an offences and liable on conviction to a fine of N100,000 and in the case of a continuing offence to an additional fine of N10,000 for each day during which the offence continues.

9. (1) The President on the recommendation of the Bank shall, from time to time, determine, as he may deem appropriate, the minimum paid-up share capital of each category of banks.

(2) Subject to subsection (1) of this section, the minimum paid-up share capital of a bank shall in respect of-
(a) a commercial bank, be N50,000,000;
(b) a profit and loss sharing bank, be N50,000,000;
(c) a merchant bank, be N40,000,000;
(d) a community bank, be N250,000.

(3) Any failure to comply with the provisions of this section within 12 months from the date of this Act shall be a ground for the revocation of any licence issued pursuant to the provisions of this Act or any other Act repealed by it.

10. Notwithstanding the provisions of the Companies and Allied Matters Act 1990 or any agreement or contract, the voting rights of every shareholder in a bank shall be proportional to his contribution to the paid-up share capital of the bank.

11. Notwithstanding anything contained in any law or in any contract or instrument, no suit or other proceeding shall be maintained against any person registered as the holder of a share in a bank on the ground that the title to the said share vests in any person other than the registered holder:
Provided that nothing in this section shall bar a suit or other proceeding on behalf of a minor or person suffering from any mental illness on the ground that the registered holder holds the share on behalf of the minor or person suffering from the mental illness.

12. The Governor may, with the approval of the President by notice published in the Gazette, revoke any licence granted under this Act if a bank-

(a) ceases to carry on in Nigeria the type of banking business for which the licence was issued for any continuous period of 6 months or for any period aggregating 6 months during a continuous period of 12 months;
(b) goes into liquidation or is wound up or otherwise dissolved;
(c) fails to fulfill or comply with any condition subject to which the licence was granted;
(d) has insufficient assets to meet its liabilities;
(e) fails to comply with any obligation imposed upon it by or under this Act or the Central Bank of Nigeria Act 1991.

13. (1) A bank shall maintain; at all times, capital funds unimpaired by losses, in such ratio to all or any assets or to all or any liabilities or to both such assets and liabilities of the bank and all its offices in and outside Nigeria as may be specified by the Bank.

(2) Any bank which fails to observe any such specified ratios may be prohibited by the Bank from-
(a) advertising for or accepting new deposits;
(b) granting credit and making investment;
(c) paying cash dividend to shareholders;
(3) In addition, the bank may be required to draw up within a specified time a capital reconstitution plan acceptable to the Bank.

14. (1) Failure to comply with the provisions of section 13 of this Act may constitute a ground for the revocation of the licence of the bank under this Act.

(2) Where the Bank proposes to recommend to the President, the revocation of the licence of any bank pursuant to subsection (1) of this section, the Bank shall give notice of its intention to the bank and the bank may within 30 days make representation (if any) in respect thereof.

(3) Any bank dissatisfied with the decision of the Bank to recommend the revocation of its licence under this section may, within 14 days of the decision being communicated to it, appeal against such decision through the Bank to the President.

(4) The President may reject or approve the recommendation of the Bank with such modification as he may deem fit.

15. (1) Every bank shall maintain with the Bank cash reserves, and special deposits and hold specified liquid assets or stabilisation securities, as the case may be, not less in amount than as may, from time to time, be prescribed by the Bank by virtue of section 39 of the Central Bank of Nigeria Act 1991.

(2) Where both assets and liabilities are due from and to other banks, they shall be offset accordingly, and any surplus of assets or liabilities shall be included or deducted, as the case may be, in computing specified liquid assets.

(3) In the case of the long-term advances to a bank or by an overseas branch or office of a bank, the advances may, with the approval of the Bank, be excluded from the demand liabilities of the bank.

(4) Every bank shall -

(a) furnish within a reasonable time any information required by the Bank to satisfy the Bank that the bank is observing the requirements of subsection (1) of this section;

(b) not allow its holding of cash reserves, specified liquid assets, special deposits and stabilisation securities to be less than the amount which may, from time to time, be prescribed by the Bank;

(c) not during the period of any deficiency grant or permit increases in advances, loans or credit facilities to any person without the prior approval in writing of the Bank.

(5) Any bank which fails to comply with any of the provisions of subsection (4) of this section is guilty to an offence and liable on conviction to a fine of-

(a) in the case of paragraph (a) N50,000 for every day during which a default under that paragraph (a) exists;

(b) in the case of paragraph (b), one per cent of the shortfall for each day during which the deficiency under that paragraph exists;

(c) in the case of paragraph (c), N500,000 for every offence under that paragraph;

and the Bank may also, during the period when the bank fails to comply with any of the requirements of subsection (4) as aforesaid, withdraw any privileges or facilities that are nor accorded to the bank.

(6) For the purposes of this section, specified liquid assets provided they are freely transferable and free from any lien or charge of any kind shall, without prejudice to the provisions of section 39 of the Central Bank of Nigeria Act 1991, consist of all or any of the following, that is-

(a) currency notes and coins which are legal tender in Nigeria;
(b) balances at the Bank;
(c) net balances at any licensed bank (excluding uncleared effects) and money at call in Nigeria;
(d) Treasury Bills and Treasury Certificates issued by the Federal Government;
(e) inland bills of exchange and promissory notes rediscountable at the Bank;
(f) stocks issued by the Federal Government with such dates of maturity as may be approved by the Bank;
(g) negotiable certificates of deposit approved by the Bank; and
(h) such other negotiable instruments as may, from time to time, be approved by the Bank for the purpose this subsection.

Duties of Banks

16. (1) Every bank shall maintain a reserve fund and shall, out of its net profits for each year (after due provision made for taxation) and before any dividend is declared, where the amount of the reserve fund is-

(a) less than the paid-up share capital, transfer to the reserve fund a sum equal not less than thirty per cent of the net profits; or
(b) equal to or in excess of the paid-up share capital, transfer to the reserve fund a sum equal to not less than fifteen per cent of the net profit:
Provided that no transfer under this subsection shall be made until all identifiable losses have been made good.

(2) Any bank which fails to comply with the provisions of subsection (10 of this section is guilty of an offence and liable on conviction to a fine of N500,000.

(3) Notwithstanding paragraphs (a) and (b) of subsection (10 of this section, the Bank may, from time to time, specify a different proportion of the net profits of each year, being either lesser or greater than the proportion specified in paragraphs (a) and (b) to be transferred to the reserve fund of a bank for the purpose of ensuring that the amount of the reserve fund of such bank is sufficient for the purpose of its business and adequate in relation to its liabilities.

17. No bank shall pay dividend on its shares until-
(a) all its preliminary expenses, organisational expenses, shares selling commission, brokerage, amount of losses incurred and other capitalised expenses not represented by tangible assets have been completely written off;
(b) adequate provisions have been made to the satisfaction of the Bank for actual and contingent losses on risk assets, liabilities, off balance sheet commitment and such unearned incomes as are derivable therefrom;
(c) it has complied with any capital ration requirement as specified by the Bank pursuant to section 13(1) of this Act.

18. (1) No manager or any other officer of a bank shall-

(a) in any manner whatsoever, whether directly or indirectly have personal interest in any advance, loan or credit facility; and if he has any such personal interest, he shall declare the nature of his interest to the bank;
(b) grant any advance, loan or credit facility to any person, unless it is authorised in accordance with the rules and regulations of the bank; and where adequate security is required by such rules and regulation; such security shall, prior to the grant, be obtained for the advance, loan or credit facility and shall be deposited with the bank;
(c) benefit as a result of any advance, loan or credit facility granted by the bank.

(2) Any manager or officer who contravenes or fails to comply with any of the provisions of subsection (1) of this section is guilty of an offence under this section and liable on conviction to a fine of N100,000 or to imprisonment for a term of 3 years; and in addition, any gain or benefits, accruing to any person convicted under this section by reason of such contravention, shall be forfeited to the Federal Government, and the gains or benefit shall vest accordingly in that Government.

(3) Every director of a bank who has any personal interest, whether directly or indirectly, in an advance, loan or credit facility, or proposed advance, loan or credit facility from that bank, shall, as soon as practicable, declare the nature of his interest to the board of directors of the bank, and the secretary of the bank shall cause such declaration to be circulated forthwith to all directors.

(4) The provisions of subsection (3) of this section shall not apply in any case-
(a) where the interest of the director consists only of being a member holding less than five per cent of the shares of a company which is seeking an advance, loan or credit facility from the bank; or
(b) if the interest of the director may properly be regarded by the Bank as not being material.

(5) For the purpose of subsection (3) of this section, a general notice given to the board of directors of a bank by a director of such bank to the effect that he is-
(a) an officer or member holding five per cent or more of the shares of a company or firm specified in the notice; and

(b) to be regarded as having personal interest in any advance, loan or credit facility which may after the date of the notice, be made to that company or firm,

shall be deemed to be a sufficient declaration of interest in relation to any such advance, loan or credit facility, if-

(i) the notice specifies the nature and extent of his interest in the company or firm;

(ii) the interest is not different in nature to or greater in extent than the nature and extent specified in the notice at the time the advance, loan or credit facility is made; and

(iii) the notice is given at the meeting of the board of directors or the director takes reasonable steps to ensure that it is brought up and read at the next meeting of the board of directors after it is given.

(6) Every director of a bank who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be declare at a meeting of the board of directors of the bank, the fact and the nature, character and extent of the interest;

(7) The declaration referred to in subsection (6) of this section shall be made at the first meeting of the board of directors held-

(a) after he became a director of the bank; or

(b) if already a director, after he came into possession of the property.

(8) The secretary of the bank shall cause to be brought up and read, any declaration made under subsection (3) or (6) of this section at the next meeting under this section in the minutes of the meeting at which it was made or at the meeting in which it was brought up and read.

(9) Any director who contravenes subsection (3) or (6) of this section is guilty of an offence under this section and liable on conviction to a fine of N100,000 or to imprisonment for 3years or to both such fine and imprisonment.

19. (1) No bank shall-

(a) employ or continue the employment of any person who is or at any time has been adjudged bankrupt or has suspended payment to or has compounded with his creditors or who is or has been convicted by a court for an offence involving fraud or dishonesty, or professional misconduct;
(b) be managed by a management agent except as may be approved by the Bank.

(2) Except with the approval of the Bank, no bank shall have a director any who is a director of -
(a) any other bank;
(b) companies which among themselves are entitled to exercise voting right in excess of ten per cent of the total voting right of all the shareholders of the bank.

(3) No bank shall be managed by a person who is-
(a) a director of any other company not being a subsidiary of the bank; or
(b) engaged in any other business or vocation.

(4) Every director of a bank shall sign a code of conduct in such form or manner as the Bank may, from time to time, prescribe.

(5) The chief executive of a bank shall cause all the officers of the bank to sign a code of conduct as may be approved by the board of directors.

20. (1) A bank shall not, without the prior approval in writing of the Bank, grant-
(a) to any person any advance, loan or credit facility or give any financial guarantee or incur any other liability on behalf of any person so that the total value of the advance, loan credit facility, financial guarantee or any other liability in respect of the person is at any time more than twenty per cent of the shareholders fund unimpaired by losses or in the case of a merchant bank not more than fifty per cent of its shareholders fund unimpaired by losses; and for the purpose of this paragraph all advances, loans or credit facilities extended to any person shall be aggregated and shall include all advances, loans or credit facilities extended to any subsidiaries or associates of a body corporate:

Provided that the provisions of this paragraph shall not apply to transactions between banks or between branches of a bank or to the purchase of clean or documentary bills of exchange, telegraphic transfers or documents of title to goods the holder of which is entitled to payment of exports from Nigeria to advance made against such bills, transfers or documents;

(b) any advances, loans or credit facilities against the security of its own shares or any unsecured advances, loans or credit facilities unless authorised in accordance with the bank's rules and regulations and where any such rules and regulations require adequate security, such security shall be provided or, as the case may required, deposited with the bank.

(2) A bank shall not, without the prior approval in writing of the Bank-

(a) permit to be outstanding, unsecured advances, loans or unsecured credit facilities, of an aggregate amount in excess of N50,000-

(i) to its directors or any of them whether such advances, loans or credit facilities are obtained by its directors jointly or severally;

(ii) to any firm, partnership or private company in which it or any one or more of its directors is interested as director, partner, manager or agent or any individual firm, partnership or private company of which any of its directors is a guarantor;

(iii) to any public company or private company in which or anyone or more of its directors jointly or severally maintains shareholding of not less than five per cent either directly or indirectly;

(b) permit to be outstanding to its officers and employees unsecured advances, loans or unsecured credit facilities, which in the aggregate for any one officer or employee, is an amount which exceeds one year's emolument to such officer or employee;

(c) engage, whether on its own account or on a commission basis, in wholesale or retail trade, including the import or export trade, except in so far as may exceptionally be necessary in the course of the banking operations and services of that bank or in the course of the satisfaction of debts due to it; so however that nothing in this paragraph shall be construed as precluding a bank from undertaking

equipment leasing business or debt factoring provided that the foregoing provisions of this paragraph shall not apply to a bank in the circumstances permitted under section 21 of this Act;

(d) without prejudice to the provisions of section 21 of this Act, acquire or hold any part of the share capital of any financial or commercial or other undertaking except-

(i) any shareholding approved by the Bank in any company set up for the purpose of promoting the development of the money market or capital market in Nigeria or of improving the financial machinery for financing economic development;

(ii) any shareholding approved by the Bank pursuant to sub-paragraph (i) of this paragraph, the aggregate value of which does not at any time exceed twenty-five per cent of the sum of paid- up share capital and statutory reserves of that bank;

(iii) all shareholding acquired by a merchant bank while managing an equity issue:

Provided that the aggregate value of such acquisition does not at any time exceed the sum of the paid-up share capital of that merchant bank or ten per cent of its total assets, excluding contract items, whichever is higher and that this paragraph shall not apply to any nominee company of a bank which deals in stock and shares for or on behalf of the bank's customers or clients or majority interest acquired by a merchant bank in a company while managing an equity issue;

(e) remit, either in whole or in part, the debts owed to it by any of its directors or past directors;

(f) purchase, acquire or lease real estate except as may be necessary for the purpose of conducting its business including provisions for foreseeable future expansion or housing of its staff or other exceptional circumstances, where the agreement of the Bank is obtained;

(g) sell, dispose or lease out any real estate.

(3) Notwithstanding the foregoing provisions of this section, a bank may secure debt on any real or other property, and in default of repayment, may acquire such property and exercise any power of sale, as may be provided for in any instrument or, by law prescribed, immediately upon such default or soon thereafter as may be deemed proper.

(4) In paragraphs (a) and (b) of subsection (2) of this section, the expressions "unsecured advances and loans" or "unsecured credit facilities", mean advances, loans or credit facilities made with security, any part thereof which at any time exceeds the market value of the assets constituting the security, or where the bank is satisfied that there is no established market value, the value of the assets as determined on the basis of a valuation approved by the bank.

(5) In paragraphs (a) and (e) of subsection (2) of this section, the expression "director" includes director's wife, husband, father, mother, brother, sister, son, daughter and their spouses.

(6) All the directors of a bank shall be liable jointly and severally to indemnify the bank against any loss arising from any unsecured advances, loans or credit facilities under paragraph (a) of subsection (2) of this section.

(7) Any bank which, after the commencement of this Act , enters into any transaction inconsistent with any of the provisions of subsection (1) and (2) of this section is guilty of an offence and liable on conviction to a fine of N1,000 for each day during which any such transaction continues.

21. (1) A bank may acquire or 'hold part of the share capital of any agricultural, industrial or venture capital company subject to the following conditions, that is-

(a) the venture capital company is set up for the purpose of promoting the development of indigenous technology or new venture in Nigeria;

(b) the shareholding by the bank is in small or medium-scale industries and agricultural enterprises as defined by the Bank;

(c) the shareholding by the bank in any medium scale industry, agricultural enterprise or venture capital company or any other business approved by the Bank shall not be more than ten per cent of the bank's shareholders fund unimpaired by losses and shall not exceed forty per cent of the paid-up share capital of the company, the shares of which are acquired or held;

(d) the aggregate value of the equity participation of the bank in all enterprises pursuant to this section does not, at any time, exceed in the case of a commercial bank, twenty per cent of its shareholders fund unimpaired by losses or in the case of a merchant bank, not more than fifty per cent of its shareholders fund unimpaired by losses:

Provided that a bank may hold shares acquired in the course of the satisfaction of any debt owed to it.

(2) Without prejudice to the provisions of subsection (1) of this section, a bank may hold or acquire share capital of any other business, subject to the approval of the Bank.

(3) Every bank shall, within 21 days of the acquisition of any shareholding pursuant to subsection (1) of this section, give full particulars thereof to the Bank.

(4) Any bank which fails to comply with the provisions of subsection (3) of this section is guilty of an offence and liable on conviction to a fine of N1,000 for each day during which the offence continues.

22. (1) A merchant bank shall not -

(a) accept any deposit withdrawable by cheque;

(b) accept any deposit below an amount which shall be prescribed, from time to time, by the Bank;

(c) hold for more than six months any equity interest acquired in a company while managing an equity issue except as stipulated in section 21 of this Act.

(2) Any merchant bank which acts in contravention of or fails to comply with any of the provisions of this section is guilty of an offence and liable on conviction to a fine of N10,000 for each day during which the offence continues.

23. (1) Every bank shall display at its offices its lending and deposit interest rates and shall render to the Bank information on such rates as may be specified, from time to time, by the Bank;
Provided that the provisions of this subsection shall not apply to profit and loss sharing banks.

(2) Any bank found in breach of any of the provisions of this section in guilty of an offence and liable on conviction to a fine of N1,000 for every day during which the offence continues.

Books of Account

24. (1) Every bank shall cause to be kept proper books of account with respect to all the transactions of the bank.

(2) For the purpose of subsection (1) of this section, proper books of account shall be deemed to be kept with respect to all transactions if such books as are necessary to explain such transactions and give a true and fair view of the state of affairs of a bank are kept by the bank and are in compliance with the accounting standard as may be prescribed for banks.

(3) The books of account shall be kept at the principal administrative office of a bank and at the branches of each bank in the English language or any other language approved by the Federal Government.

(4) Where the books of account, kept by a bank with respect to all its transactions, are prepared and kept in such a manner that, in the opinion of the Bank, have not been properly prepared and kept, or where a bank renders returns in accordance with the provisions of section 25 of this Act, which in the opinion of the Bank are inaccurate, the Bank may appoint a firm of qualified accountants to prepare proper books of

account or render accurate returns, as the case may be, for the bank and the cost of preparing the accounts and rendering the returns shall be borne by the bank.

(5) If any person being a director, manager or officer of a bank-

(a) fails to take all reasonable steps to secure compliance with any of the provisions of this section;

(b) has by his willful act been the cause of any default thereof by the bank, he is guilty of an offence and liable on conviction, in respect of paragraph (a) of this subsection, to a fine of N10,000 or to imprisonment for 5 years or to both such fine and imprisonment; and, in respect of paragraph (b) of this section, to a fine of N50,000 or to imprisonment for a term not exceeding 10 years or to both such fine and imprisonment.

25. (1) Every bank shall submit to the Bank not later than 28 days after the last day of each month or such other interval as the Bank may specify, a statement showing-

(a) the assets and liabilities of the bank; and

(b) an analysis of advances and other assets, at its head office and branches in and outside Nigeria in such form as the Bank may specify, from time to time.

(2) Every bank shall submit such other information, documents, statistics or returns as the Bank may deem necessary for the proper understanding of the statements supplied under subsection (1) of this section.

(3) Any bank which fails to comply with any of the requirements of subsection (1) or (2) of this section is, in respect of each such failure, guilty of an offence under this Act and liable on conviction to a fine of N5,000 for each day during which the offence continues.

26. (1) The statements and information submitted by each bank under section 25 of this Act shall be regarded a confidential:
Provided that the Bank shall furnish any such statement or information to any agency of Government as required by law.

(2) Notwithstanding anything in this section, the Bank may prepare and publish consolidated statements aggregating the statements furnished under section 25 of this Act for each category of banks.

27. (1) Subject to the prior approval in writing of the Bank, a bank shall not later than 4 months after the end of its financial year-

(a) cause to be published in a daily newspaper printed in and circulating in Nigeria and approved by the Bank;

(b) exhibit in a conspicuous position in each of its offices and branches in Nigeria; and

(c) forward to the Bank,

copies of the bank's balance sheet and profit and loss account duly signed and containing the full and correct names of the directors of the bank.

(2) Every published account of a bank, under subsection (1) of this section, shall disclosed in detail penalties paid as a result of contravention of the provisions of this Act and provisions of any policy guidelines in force during the financial year in question and the auditor's report shall reflect such contravention.

(3) The balance sheet and profit and loss account of a bank shall bear on their face the report of an approved auditor and shall contain statements on such matters as may be specified by the Bank, from time to time.

(4) For the purpose of subsection (3) of this section, an "approved auditor" shall be an auditor approved for the purpose of section 29 of this Act.

(5) Any bank which fails to comply with any of the requirements of this section is in respect of each such failure guilty of an offence and liable on conviction to a fine of -N-100,000.

28. (1) Every balance sheet and every profit and loss account of a bank shall give a true and fair view of the state of affairs of the bank as at the end of the reporting period.

(2) Every balance sheet and every sheet profit and loss account of a bank forwarded to the Bank in accordance with the provisions of subsection (1) of this section and section 27(1) (c) of this Act shall comply with the requirements of any circular which has been issued by the Bank thereon.

(3) Any person being a director of any bank who fails to take all reasonable steps to secure compliance with any of the provisions of this section in respect of any accounts is guilty of an offence and liable on conviction to a fine of any account is guilty of an offence and liable on conviction to a fine of N10,000 or to imprisonment for 5 years or to both such fine and imprisonment.

29. (1) Every bank shall appoint annually a person approved by the Bank, in this section referred to as "the approved auditor" whose duties shall be to make to the shareholders a report upon the annual balance sheet and profit and loss account of the bank and every such report shall contain statement as to the matters and such other information as may be prescribed, from time to time, by the Bank.

(2) For the purpose of this section, the approved auditor shall be an auditor who is-
- (a) a member of one of the professional bodies recognised in Nigeria;
- (b) approved by the Bank;
- (c) resident in Nigeria; and
- (d) carrying on in Nigeria professional practice as accountant and auditor.

(3) Any person -
- (a) having any interest in a bank otherwise than as a depositor; or
- (b) who is a director, officer or agent of a bank; or
- (c) which is a firm in which a director of a bank has any interest as partner or director; or

(d) who is indebted to a bank,
shall not be eligible for appointment as the approved auditor for any bank.

(3) and a person appointed as such auditor who subsequently-
(i) acquires such interest; or
(ii) becomes a director, officer or agent of that bank; or
(iii) becomes indebted to a partner in a firm in which a director of a bank is interested as partner or director,
shall cease to be such auditor.

(4) If any bank-
(a) fails to appoint an approved auditor under subsection (1) of this section; or
(b) at any time, fails to fill a vacancy for such person, the Bank shall appoint a suitable person for that purpose and shall fix the remuneration to be paid by the bank to such auditor.

(5) Every auditor of a bank shall have a right of access at all times to the books, accounts and vouchers of the bank and shall be entitled to require from directors, managers and officers of the bank such information and explanation as he thinks necessary for the performance of his duties under this Act.

(6) The report of the approved auditor shall be read together with the report of the board of directors at the annual general meeting of the shareholders of the bank and two copies of each report together with the auditor's analysis of bad and doubtful advances in a form specified, from time to time, by the Bank shall be sent to the Bank.

(7) If any auditor appointed under this section, in the course of his duties as an auditor of a bank, is satisfied that -
(a) there has been a contravention of this Act, or that an offence under any other law has been committed by the bank or any other person; or
(b) losses have bee incurred by the bank which substantially reduce its capital funds : or

(c) any irregularity which jeopardises the interest of depositors or creditors of the bank, or any other irregularity has occurred; or

(d) he is unable to confirm that the claims of depositors or creditors are covered by the assets of the bank,

he shall immediately report the matter to the Bank.

(8) The approved auditor shall forward to the Bank two copies of the domestic reports on the bank's activities not later than 3 months after the end of the bank's financial year.

(9) Any approved auditor under this section who acts in contravention of or fails deliberately or negligently to comply with any of the provision of this section is guilty of an offence and liable on conviction to a fine of not less than N50,000 and the Bank may, in addition, take other appropriate actions against such an auditor as it deems necessary.

(10) The appointment of an approved, auditor shall not be determined without prior approval of the Bank.

Supervision

30. (1) There shall be an officer of the Bank who shall be appointed by the Governor to be known as the Director of Banking Supervision or by such other title as the Governor may specify.

(2) The Director of Banking Supervision shall have power to carry out supervisory duties in respect of banks and for that purpose shall -

(a) under conditions of confidentiality, examine periodically the books and affairs of each bank;

(b) have a right of access at all times to the books, accounts and vouchers of banks;

(c) have power to require from directors, managers and officers of banks such information and explanation as he deems necessary for the performance of his duties under this section.

(3) The Governor shall appoint to assist the Director of Banking Supervision such other officers of the Bank as the Governor may, from time to time, decide.

(4) The officers may be designated examiners or have such other titles as the Governor may specify.

(5) For the purpose of this section, references to examiners are references to the Director of Banking Supervision and any officer of the Bank appointed pursuant to subsection (3) of this section.

(6) In examining the affairs of any bank under this Act, it shall be the duty of an examiner at all times to avoid unreasonable hindrance to the daily business of the bank.

(7) Every bank shall produce to the examiners at such times as the examiners may specify, all books, accounts, documents and information which they may require.

(8) If any book, document or information is not produced in accordance with the requirement of an examiner under this section or what is produced or furnished to an examiner is false in any material particular, the bank is guilty of an offence and liable on conviction to a fine of N50,000 and in addition, to a fine of N1,000 for each day during which the offence continues.

31. (1) The Governor shall, in the case of routine examination, forward a copy of the report arising from the examination together with the recommendations of the Bank, to the bank concerned with instruction that it be placed before the meeting of the board of directors of the bank specially convened for the purpose of considering the report and the recommendations thereon.

(2) The bank shall within 2 weeks convey to the Governor the board of directors' reactions to the report and its proposal for implementing the recommendations of the Bank.

(3) Any bank which fails to comply with the provisions of subsection (1) or (2) of this section is guilty of an offence and liable on conviction to a fine of N500 for each day during which the offence continues and if the offence continues for more than 60 days, the Bank may in addition to the fine, withdraw any privilege or facility granted to that bank by the Bank.

32. (1) The Governor shall have power to order a special examination or investigation of the books and affairs of a bank where he is satisfied that -

(a) it is in the public interest so to do; or
(b) the bank has been carrying on its business in a manner detrimental to the interest of its depositors and creditors; or
(c) the bank has "insufficient" assets to cover its liabilities to the public; or
(d) the bank has been contravening the provisions of this Act; or
(e) an application is made therefore by-
    (i) a director or shareholder of the bank; or
    (ii) a depositor or creditor of the bank:

Provided that in the case of paragraph (e) of this subsection, the Governor may not order a special examination or investigation of the books and affairs of a bank if he is satisfied that it is not necessary to do so.

(2) For the purpose of subsection (1) of this section, the Governor shall have power to appoint one or more qualified persons other than the officers of the Bank to conduct special examination or investigation, under conditions of confidentiality, of the books and affairs of the bank.

(3) Nothing in this section or in any other section of this Act shall be construed as precluding the Governor from appointing one or more officers of the Bank as examiner apart from those mentioned in section 30 of this Act and ascribing to such officers such other designations as he deems fit, and from directing or requiring all or any of the officers to exercise all or any of the powers of the Director of Banking Supervision under this Act.

(4) The Governor shall have power to order that all expenses of or incidental to an examination or investigation be paid by the bank examined or investigated.

33. (1) Where a bank informs the Bank that -

(a) it is likely to become unable to meet its obligations under this Act; or

(b) it is about to suspend payment to any extent; or

(c) it is insolvent; or

(d) where, after an examination under section 32 of this Act or otherwise howsoever, the Bank is satisfied that the bank is in a grave situation as regards the matter referred to in section 32(1) of this Act,

the Governor may by order in writing exercise any one or more of the power specified in subsection (2) of this section.

(2) The Governor may be order in writing under subsection (1) of this section-

(a) prohibit the bank from extending any further credit facility for such period as may be set out the order, and make the prohibition subject to such exceptions, and impose such conditions in relation to the exceptions as may be set out in the order, and from time to time, by further order similarly made, extend the aforesaid period;

(b) require the bank to take any steps or any action or to do or not to do any act or thing whatsoever, in relation to the bank or its business or its directors or officers which the Bank may consider necessary and which is set out in the order, within such time as may be stipulated therein;

(c) with the approval of the President, remove for reasons to be recorded in writing, with effect from such date as may be set out in the order, any manager or officer of the bank, notwithstanding anything in any written law, or any limitations contained in the memorandum and articles of association of the bank;

(d) in respect of a bank, notwithstanding anything in any written law or any limitations contained in the memorandum and articles of association of the bank, and in particular, notwithstanding any limitation therein as to the minimum or maximum number of directors, for reason to be recorded in writing -

(i) remove from officer, with effect from such date as may be set out in the order, any director of the bank; or

(ii) appoint any person or persons as a director or directors of the bank, and provide in the order for the person or persons so appointed to be paid by the bank such remuneration as may be set out in the order;

(e) appoint any person to advise the bank in relation to the proper conduct of its business, and provide in the order for the person so appointed to be paid by the bank such remuneration as may be set out in the order.

34. (1) If, after taking such of the steps stipulated in section 33 of this Act as in the opinion of the Governor may be appropriate in the circumstance, the state of affairs of the bank concerned does not improve significantly, the Bank may, with the approval of the President, assume control of the whole of the property and affairs of the bank, carry on the whole of its business and affairs or assume control of such part of its property, business and affairs as the Bank considers necessary or appoint persons to do so on behalf of the Bank.

(2) Where the Bank or an appointed person has assumed control of the business of a bank in pursuance of subsection (1) of this section, the bank shall submit its business to the control of the Bank and shall provide the Bank or appointed person with such facilities as the Bank or the appointed person may require to carry on the business of the bank and notwithstanding the provisions of this section, all banks shall co-operate with the Bank at all times.

(3) Any bank which fails to comply with the provisions of subsection (2) of this section or with any requirements of the Bank or an appointed person under subsection (1) of this section, is guilty of an offence and liable on conviction to a fine of N50,000 and, in addition, to a fine not exceeding N500 for each day during which the default continues.

35. (1) Where the Bank or an appointed person has assumed control of the business of a bank in pursuance of section 34 of this Act, the Bank or an appointed person shall remain in control of and continue to carry on the business of the bank in the name and on behalf of the bank until such time as-

(a) the Bank is satisfied that adequate provision has been made for the repayment of deposits;

(b) in the opinion of the Bank, it is no longer necessary for the Bank to remain in control of the business of the bank.

(2) The cost and expenses of the Bank or the remuneration of an appointed person, as the case may be, shall be payable from the funds and properties of the bank as a first charge on the funds of the bank.

36. Notwithstanding anything contained in any law or memorandum and articles of association of a bank, where the Bank or an appointed person has, pursuant to an order under section 34 of this Act assumed control of a bank whose paid-up capital is lost or unrepresented by available assets, the Bank may, with the approval of the President-

(a) apply to the Federal High Court for an order for the Bank or a person nominated by the Bank to purchase or acquire the bank for a nominal fee for the purpose of its restructuring and subsequent sale;

(b) make an order revoking the bank's licence and requiring its business to be wound-up.

37. (1) No order under sections 33 and 36 of this Act shall be made unless the bank in respect of which the order is to be made, and in the case of an order under paragraph (c) or (d) of subsection (2) of section 33 of this Act, the director, manager or officer who is to be removed from office, has been given a reasonable opportunity of making representations against or otherwise in respect of the proposed order.

(2) The Bank shall not make an order under subsection (1) of this section if in its opinion any delay would be detrimental to the interest of the bank, its depositors, creditors or the public generally.

(3) An order made in consequence of a representation may either be confirmed, modified, altered, varied or replaced by the President.

38. (1) Where the Governor makes an order revoking the licence of a bank and requiring the business of that bank to be wound up, the bank shall, within 14 days of the date of the order, apply to the Federal High Court for an order winding-up the affairs of that bank and the Federal High Court shall hear the application in priority to all other matters.

(2) If the bank fails to apply to the Federal High Court within the period specified in subsection (1) of this section, the Governor may apply to the Federal High Court for the winding-up of the bank.

(3) If the Governor is satisfied that it is in the public interest to do so, he may, without waiting for the period mentioned in subsection (1) of this section to elapse, appoint the Nigeria Deposit Insurance Corporation or any other person as the official receiver or as a provisional liquidator and the Corporation or such other person shall have the power conferred by or under the Companies and Allied Matters Act 1990 and shall be deemed to have been appointed a provisional liquidator by the Federal High Court for the purpose of that Act.

(4) This section shall have effect and section 408 of the Companies and Allied Matters Act 1990 shall be construed as if the revocation of the licence of a bank under this Act had been included as a ground for winding up by the Federal High Court under that section.

(5) The liquidator of a licensed bank shall forward to the Bank copies of any returns which he is required to make under the Companies and Allied Matters Act 1990 and reference to liquidator in this subsection shall include a reference to the Nigerian Deposit Insurance Corporation or any other person so appointed.

General and Supplemental

39. (1) Except with the written consent of the Governor-

(a) no bank shall as from the commencement of this Act, be registered or incorporated with a name which includes the words "Central", "Federal" Federation", "National", "Nigeria", "Reserve", "State", Christian", "Islamic", "Moslem", Quaranic" or "Biblical":

(b) no person other than a bank licensed under this Act shall use or continue to use the word "bank" or any of its derivatives, either in English or in any other language in the description or title under which the person is carrying on business in Nigeria:

Provided that paragraph (b) of this subsection shall not apply to banking institutions referred to in sections 51 and 52 of this Act.

(2) Every bank shall use as part of its description of title the word "bank" or any one or more of its derivatives, either in English or in some other language;

(3) Subsection (1) of this section shall not apply to any registered association of banks, bankers or bank employees formed for the protection of their mutual interest or in furtherance or promotion of education and training of personnel for financial institutions in Nigeria.

(4) Any person who acts in contravention of this section is guilty of an offence and liable on conviction to a fine of N1,000 for each day during which the offence continues.

40. (1) No person other than a bank or any other person authorised to take deposits shall issue any advertisement inviting the public to deposit money with it.

(2) Any person who issues an advertisement in contravention of the provisions of subsection (1) of this section is guilty of an offence and liable on conviction to a fine of N100,000 or to imprisonment for 10 years or to both such fine and imprisonment.

(3) Where any bank purposes to issue any advertisement, the bank shall deliver to the Bank the text of the proposed advertisement together with the bank's latest published accounts, and shall thereafter comply with such directives and conditions as the Bank may prescribe and such text shall be regarded as confidential information.

(4) Any bank which fails to comply with the provisions of subsection (3) of this section is guilty of an offence and liable on conviction to a fine of N50,000 and the bank shall in addition pay a fine of N1,000 for every day during which an advertisement issued in contravention of subsection (3) of this section continues.

(5) In this Act, "advertisement" includes any form of advertising whether in publication or by the display of notice or by means of circular or other documents or by any exhibition of photographs or cinematograph or by way of sound broadcasting or television or loudspeakers or other public address systems and references to the issuing of an advertisement shall be construed accordingly; and for the purposes of this Act, an advertisement issued by any person by way of display or exhibition in a public place shall be treated as issued by him on every day on which he causes or permits it to be so displayed or exhibited.

(6) An advertisement which contains information calculated to lead directly or indirectly to the deposit of money by the public shall be treated as an advertisement inviting the public to deposit money.

(7) An advertisement issued by any person on behalf of or to the order of another person shall be treated as an advertisement issued by that other person and for the purpose of any proceedings under this Act, an advertisement inviting the public to deposit money with a person specified in the advertisement shall be presumed, unless the contrary is proved, to have been issued by the person.

41. (1) If the President is satisfied that any trade union, the members of which are employed in a bank, has been engaged in acts calculated to disrupt the economy of Nigeria, he may by order, published in the Gazette, proscribe that union (hereafter in this section referred to as " a proscribed union") which shall, as from the date of the order, cases to exist.

(2) A proscribed union shall, not later than 14 days from the date of the order under subsection (1) of this section, surrender its certificate of registration to the Registrar who shall take such steps in relation to the distribution of the assets of the union as he deems necessary or in accordance with the registered rules of the union.

(3) No person who immediately before the date of an order under this section was an officer of a proscribed union shall at any time after that date be an officer of any trade union any of the members of which are employed by bank.

(4) If the certificate of registration of a proscribed union is not delivered to the Registrar as required under subsection (2) of this section, every person who immediately before the proscription of the union was an officer thereof is guilty of an offence and liable on conviction to a fine of N 5,000 or to imprisonment for 6 months or both such fine and imprisonment.

(5) Any person who contravenes subsection (3) of this section is guilty of an offence and liable on conviction to imprisonment for a term of 5 years without an option of a fine.

(6) In this section-

"officer" in relation to a union, means any person holding official position in that trade union and, accordingly, includes in particular, any president, secretary or treasurer thereof and every member of the committee of management however described;

"Registrar" means the Registrar of Trade Unions appointed under section 45 of the Trade Unions Act.

42. (1) No bank shall incur any liability to any of its customers by reason only of failure on the part of the bank to open for business during a strike.

(2) If as a result of a strike, a bank fails to open for business, this bank shall within 24 hours of the beginning of the closure, obtain the approval of the Bank for any continued closure of the bank.

43. (1) Any director, manager, officer or employee of a bank or any other person receiving remuneration from the bank, who asks for, receives, consents or agrees to receive any gift, commission, employment, service, gratuity, money, property or thing of value for his own personal benefit or advantage or for that of any of his relations, from any person-

(a) for procuring or endeavouring to procure for any person any advances, loans or credit facility from the bank; or

(b) for permitting any person to overdraw any account with that bank without proper authority or compliance with rules and guidelines for that purpose,

is guilty of an offence and liable on conviction to a fine of N10,000 or to imprisonment for 3 years or to both such fine and imprisonment and in addition any such gift or any other commission shall be forfeited to the Federal Government.

(2) The provisions of subsection (1) of this section shall not in any manner derogate from, and shall be without prejudice to any other written law relating to corruption or illegal gratification.

44. (1) Every bank shall, before appointing any director or chief executive, seek and obtain the Bank's written approval for the proposed appointment.

(2) No person shall be appointed or shall remain a director, secretary or an officer of a bank who-

(a) is of unsound mind or as a result of ill health is incapable of carrying out his bankers; or

(b) is declared bankrupt or suspends payments or compounds with his creditors including his bankers; or

(c) is convicted of any offence involving dishonesty or fraud; or

(d) is guilty of serious misconduct in relation to his duties; or

(e) in the case of a person possessed of professional qualification, is disqualified or suspended (otherwise than of his own request) from practising the profession in Nigeria by the order of any competent authority made in respect of him personality.

(3) No person who has been a director of or directly concerned in the management of a bank which has been wound up by the Federal High Court shall, without the express authority of the Governor, act or continue to act as a director of or be directly concerned in the management of any other bank.

(4) Any person whose appointment with a bank been terminated or who has been dismissed for reasons of fraud, dishonesty or conviction for an offence involving dishonesty or fraud shall not be employed by any bank in Nigeria.

(5) Any bank which knowingly acts in contravention of subsection (1), (2), (3) or (4) of this section is guilty of an offence and liable on conviction to a fine of N100,000.

(6) Where an offence committed by a bank under subsection (4) of this section is proved to have been committed with the knowledge or connivance of any director, manager or any other officer of the bank, he, as well as the bank is guilty of an offence and the director, manager or any other officer of the is guilty of an offence and the director, manager or any other officer of the bank shall on conviction be liable to imprisonment for a term not less than five years or to a fine of N50,000 or to both such imprisonment and fine.

(7) It shall not be a defence for any director, manager or officer of a bank to claim that he is not aware of the provisions of subsection (4) of this section, except he can prove that he had obtained prior clearance of such a person from the secretary of the Banker's Committee who maintains a register of terminated, dismissed or convicted staff of banks on the ground of fraud or dishonesty.

Miscellaneous Matters

45. (1) Where any offence against any provision of this Act has been committed by a body corporate or firm, any person who was a director, manager, secretary or other similar officer of the body corporate or firm purporting to act in such capacity shall, in addition to the body corporate or firm, be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised having regard to the nature of his functions in that capacity and to all the circumstances.

(2) Where any person would be liable under this Act to any punishment or penalty for any act, omission, neglect or default, he shall be liable to the same punishment or penalty for every such act, omission, neglect or default of any clerk, servant or agent of the clerk or servant of such agent:

Provided that such act, omission, neglect or default was committed by the clerk or servant in the course of his employment or by the agent when acting in the course of his employment in such circumstances that had the act, omission, neglect or default been committed by the agent, his principal would have been liable under this section.

46. Any person being a director or manager of a bank, who fails to-
    (a) take all reasonable steps to secure compliance by the bank with the requirements of this Act; or
    (b) take all reasonable steps to secure the correctness of any statement submitted under the provisions of this Act,

    is guilty of an offence and liable on conviction to a fine of N5, 000 or to imprisonment for 5 years or to both such fine and imprisonment for 5 years or to both such fine and imprisonment.

47. Any bank which contravenes or fails to comply with any of the provisions of this Act or any regulations made thereunder for which an offence or penalty is not expressly provided is guilty of an offence and liable on conviction to a fine of N2,000.

48. Notwithstanding the provisions of this Act or of any law, the Federal High Court or tribunal constituted under any enactment shall have jurisdiction to try any offence under this Act and to impose the full penalty prescribed therefore.

49. (1) Neither the Federal Government nor the Bank nor any officer demand by or liability to any person in respect of anything done or omitted to be done in good faith in pursuance or in execution of, or in connection with the execution or intended execution of any power conferred upon that Government, the Bank or such officer, by this Act.

    (2) For the purpose of this section, the Minister or any officer duly acting on his behalf shall be deemed to be an officer of the Federal Government and the Governor, any Deputy Governor of the Bank or other employee thereof or any person holding any office therein or appointed by the Bank under subsection (2) of section 32 of this Act shall be deemed to be an officer of the Bank.

50. Where a bank is unable to meet its obligations or suspends payment, the assets of the bank in the Federation shall be available to meet all the deposit liabilities of the bank and such deposit liabilities shall have priority over all other liabilities of the bank.

51. (1) Except as provided in section 28 of the Central Bank of Nigeria Act 1991, the provisions of this Act shall not apply to-
    (a) the fund established under the National Provident Fund Act;
    (b) the Nigerian Industrial Development Bank Limited;
    (c) the Federal Mortgage Bank;
    (d) the Nigerian Bank for Commerce and Industry;
    (e) the Nigerian Agricultural and Co-operative Bank Limited:

    Provided that the Governor may in the interest of the economy of Nigeria by order in writing, appoint examiners under this Act to carry out special examinations into the books and affairs of any institutions under this section and may issue directives to any such institution and failure to comply with such directives shall be an offence punishable with a fine of N50,000.

    (2) The list of exemptions in subsection (1) of this section may be amended by such addition or deletion as may be deemed necessary by the Governor by order published in the Gazette.

52. The Governor may exempt community banks or profit and loss sharing banks from the provisions of this Act.

53. (1) The provisions of this Act shall apply without prejudice to the provisions of the Companies and Allied Matters Act 1990 in so far as they relate to banks and to winding-up by the Federal High Court.

    (2) Where of any of the provisions of the Companies and Allied Matters Act 1990 are inconsistent with the provisions of this Act, the provisions of this Act shall prevail.

54. The provisions of this Act shall apply without prejudice to the provisions of the Nigeria Deposit Insurance Corporation Act 1988 and where any of the provisions of this Act are inconsistent with any provisions of that Act, the provisions of this Act shall prevail.

55. (1) The Governor may make regulations, published in the Gazette, to give full effect to the objects and objectives of this Act.

(2) Without prejudice to the generality of the provisions of subsection (1) of this section, the Governor may make rules and regulations for the operation and control of the institutions exempted by section 51 of this Act.

Part II
Other Financial Institution

56. (1) Without prejudice to the provisions of Part 1 of this Act, no person shall carry on other financial business in Nigeria other than insurance and stock broking except it is a company duly incorporated in Nigeria and holds a valid licence granted under section 57 of this Act.

(2) Any person or institution which, before the commencement of this Act was carrying on such other financial business as are referred to under subsection (1) of this section shall apply in writing to the Bank for a licence within six months from the date of commencement of this Act.

(3) Any person or institution which fails to apply as provided in subsection (2) of this section shall cease to carry on such financial business.

57. (1) Any person wishing to carry on other financial business other than insurance and stock broking in Nigeria shall apply in writing to the Bank for the grant of a licence and shall accompany the application with the following-

(a) a draft copy of the memorandum and articles of association of the proposed financial business;
(b) such other information, documents and reports as the Bank may, from time to time, specify; and
(c) the prescribed application fee.

(2) After the applicant has provided all such information, documents and reports as the Bank may require under subsection (1) of this section, the Bank may grant the licence with or without conditions or refuse to grant the licence.

(3) Where an application for a licence is granted, the Bank shall give written notice of that fact to the applicant and the licence fee shall be paid.

(4) The Bank may vary or revoke any conditions subject to which a licence was granted or may impose fresh or additional conditions to the grant of a licence.

(5) Where the Bank proposed to vary, revoke or impose fresh or additional conditions, the Bank shall before exercising such power, give notice of its intention to the person or institution concerned and give such a person or institution an opportunity to make representation to the Bank thereon.

(6) Any person who transacts business without a valid licence under section 56 of this Act or subsection (2) of this section is guilty of an offence and liable on conviction to imprisonment, in the case of an individual, for a term not exceeding 10 years a fine not exceeding N500,000 or to both such imprisonment and fine and, in the case of a body corporate, to a fine of N500,000.

58. (1) Any person who fails to comply with any of the conditions of its licences guilty of an offence and liable on conviction to a fine not exceeding N500 for each day during which the condition is not complied with.

(2) Every person or institution carrying on such financial business as are referred to in section 56 of this Act shall-

(a) comply with the Monetary Policy Guidelines and other directives as the Bank may, from time to time, specify;

(b) furnish within the stipulated time, any statistical and other return as the Bank may, from time to time, require.

(3) Any person who fails to comply with paragraph (a) or (b) of subsection (2) of this section is guilty of an offence and liable on conviction to imprisonment for a term not less than two years and not exceeding three years or to a fine of N500 for each day during which such failure occurs.

(4) Persistent failure to comply with the guidelines or other directives of the Bank or persistent refusal to supply returns in the prescribed form may be a ground for the revocation of a licence.

59. (1) The Bank shall have power to supervise and regulate the activities of other financial institutions.

(2) The Bank may appoint examiners and any other person to carry out regular or routine examination of the books and affairs of other financial institutions.

(3) Where the Governor is satisfied that it is in the public interest so to do he may, in addition to the routine or regular examination, order a special examination or investigation of the books and affairs of any other financial institution and for that purpose, the Governor shall have power to appoint one or more qualified persons other than the officers of the Bank to conduct special examination or investigation, under conditions of confidentiality, of the books and affairs of such other financial institution.

(4) The cost and expenses of the Bank or the remuneration of the person so appoint, as the case may be, shall be payable from the fund and property of the financial institution.

Part III
Miscellaneous and Supplement

60. (1) Notwithstanding any of the provisions of this Act. the Governor may impose a penalty not exceeding N100,000 on a bank or any other financial institution for the bank's or other financial institution's failure to comply with any rules, regulations, guidelines or administrative directives made, given or issued by the Bank under this Act.

(2) The Governor may suspend any licence issued or given to any bank or any other financial institutions which fails to comply with any rules, regulations, guidelines or administrative directives made, given or issued to it by the Bank under this Act.

61. In this Act, unless the context otherwise requires-

"associate" means a company in which another company owns not less than twenty per cent of the shares;

"bank" means a bank licensed under this Act;

"Bank" means the Central Bank of Nigeria;

"banking business" means the business of receiving deposits on current accounts, savings account or other similar account, paying or collecting cheques, drawn by or paid in by customers; provision of finance or such other business as the Governor may, be order published in the Gazette, designate as banking business;

"chief executive" in relation to a bank means a person, by whatever name called, who either individually or jointly with one or more other persons, is responsible, subject to the authority of the board of directors, for the conduct of the business and administration of the bank;

"commercial bank" means any bank in Nigeria whose business includes the acceptance of deposits withdrawable by cheques;

"community bank" means a bank whose business is restricted to a specified geographical area in Nigeria;

"deposit" means money lodged with any person whether or not for the purpose of any interest or dividend and whether or not such money is repayable upon demand upon a given period of notice or upon a fixed date;

"Deputy Governor" means a Deputy Governor of the Central Bank of Nigeria.

"director" includes any person by whatever name he may be referred to carrying out or empowered to carry out substantially the same functions of a director in relation to the affairs of a company incorporated under the Companies and Allied Matters Act 1990;

"factoring" means the business of acquiring debts due to any person;

"Federation" means the Federal Republic of Nigeria;

"Governor" means the Governor or any of the Deputy Governors of the Central Bank of Nigeria;

"leasing" means the business of letting or sub-letting movable property on hire for the purpose of the use of such property by the hirer or any other person in any business whatsoever and where the lessor is the owner of the property regardless of whether the letting is with or without an option to purchase the property;

"licence" means a licence issued under this Act;

"merchant bank" means a bank whose business includes receiving deposits on deposit account, provision of finance, consultancy and advisory services relating to corporate and investment matters, making or managing investments on behalf of any person;

"Minister" means the Minister charged with the responsibility for finance;

"other financial institution" means any individual, body, association or group of persons, whether corporate or unincorporated, other than the banks licensed under this Act and other institutions exempted under section 51 of this Act which carries on the business of discount house finance company and money brokerage and whose principal object include factoring, project financing, equipment leasing, debt administration, fund management, private ledger services, investment management, Local Purchases Order financing, export finance, project consultancy, financial consultancy, pension fund management and such other business as the Bank may, from time to time, designate;

"President" means the President, Commander-in-Chief of the Armed Forces of the Federal Republic of Nigeria;

"profit and loss sharing bank" means a bank which transacts investment or commercial banking business and maintains profit and loss sharing accounts;

"relation of person" includes father, mother, child, brother, sister, uncle, aunt and cousins where applicable, and their spouses;

"shareholders funds" means the aggregate of paid-up share capital statutory and all other reserves;

"State" means any of the State of the Federation.

62. (1) This At may be cited as the Banks and Other Financial Institutions Act 1991.

(2) The Banking Act 1969 is hereby repealed; and

(a) the Banking (Amendment) Act 1970;

(b) the Banking (Amendment) Act 1972;
(c) the Banking (Amendment) Act 1975;
(d) the Banking (Amendment) Act 1979,

are consequentially repealed