

Finance Regulatory Updates

February 2026

This month, we examine recent regulatory developments issued by the Central Bank of Nigeria (the “CBN”) with significant impact on institutions operating in the financial services sector.

We provide a concise overview of the key updates and their practical implications for market participants.

Key Takeaways

- Bureau De Change operators have been reintroduced into the Nigerian Foreign Exchange Market, allowing licensed operators to purchase foreign currency through approved banks.
- A weekly purchase limit of USD150,000.00 (One Hundred and Fifty Thousand United States Dollars) per Bureau De Change operator has been introduced, alongside strict reporting and utilisation requirements.
- Sanctions under the Nigerian Cheque Standards and Cheque Printers’ Accreditation Scheme have been significantly increased, with fines now reaching up to ₦20,000,000.00 (Twenty Million Naira) for certain infractions.

Participation of Licensed BDCs in the Nigerian Foreign Exchange Market

By a Circular dated 10 February 2026, the CBN formally announced the participation of licensed Bureau De Change operators (BDCs) in the Nigerian Foreign Exchange Market (NFEM). This development represents a notable policy shift following the exclusion of BDCs from accessing the NFEM since July 2021.

The key highlights of the Circular include the following:

- all duly licensed BDCs are permitted to purchase foreign currency (FX) from the NFEM through any Authorised Dealer of their choice at the prevailing market exchange rate, without any preferential pricing arrangements;
- Authorised Dealers must conduct full know-your-customer checks and appropriate due diligence on BDCs in accordance with applicable regulations and their internal risk management frameworks before selling FX to them;

- each licensed BDC is permitted to purchase a maximum of USD150,000.00 (One Hundred and Fifty Thousand United States Dollars) per week;
- licensed BDCs are required to submit timely and accurate electronic reports of their transactions to the CBN and must utilise FX strictly in accordance with the existing BDC Guidelines;
- any unused FX purchased from the NFEM must be sold back into the market within twenty-four (24) hours, and BDCs are prohibited from holding FX in position to prevent speculative hoarding;
- settlement of FX transactions must be conducted exclusively through settlement accounts maintained with licensed financial institutions. Third-party transactions are strictly prohibited; and
- cash settlement is permitted but limited to a maximum of 25% of the value of each transaction, with the remaining 75% required to be settled through formal banking channels.

This development signals the CBN's continued efforts to improve liquidity within the retail segment of the foreign exchange market while maintaining regulatory oversight over FX utilisation.

Revised Sanctions on Defaulters of the Nigeria Cheque Standard and Nigeria Cheque Printers' Accreditation Scheme

On 10 February 2026, the CBN issued a Circular announcing a revision of the sanctions applicable to defaulters under the Nigerian Cheque Standards (NCS) and the Nigeria Cheque Printers' Accreditation Scheme (NICPAS). The original sanction grid was previously issued on 5 November 2019.

According to the CBN, the revision forms part of the Bank's ongoing commitment to enhancing the efficiency, integrity, and safety of the Nigerian Clearing System, and reflects current operational realities within the banking industry.

The revised framework introduces new compliance obligations and significantly increases the penalties applicable to various infractions under the NCS/NICPAS regime. Under the framework:

- the failure of commercial banks to validate Magnetic Ink Character Recognition data at the point of truncation now attracts a minimum penalty of ₦10,000,000.00 (Ten Million Naira) per instrument; and
- the use of unapproved watermarked paper may result in withdrawal of cheques from circulation and a ₦20,000,000.00 (Twenty Million Naira) fine, with withdrawal of accreditation for repeat offences.

Key revisions to the penalties are summarised in the table below:

S/N	Offence	Previous Sanction	Revised Sanction
1	Failure/refusal to submit personalised cheque samples for testing and analysis (where applicable).	₦1,000,000.00 (One Million Naira) fine.	₦5,000,000.00 (Five Million Naira) fine.
2	Engagement of unaccredited cheque printers/ personalisers by commercial banks.	<ol style="list-style-type: none"> 1. Withdrawal of cheques from circulation. 2. ₦1,000,000.00 (One Million Naira) fine for a repeat offence. 	<ol style="list-style-type: none"> 1. Withdrawal of cheques from circulation and ₦10,000,000.00 (Ten Million Naira) fine. 2. Withdrawal of cheques from circulation and ₦20,000,000.00 (Twenty Million Naira) fine for a repeat offence.
3	Failure to encode cheques properly or meet the mandatory security and quality standards.	₦2,000.00 (Two Thousand Naira) per instrument.	Minimum of ₦10,000.00 (Ten Thousand Naira) per instrument.
4	Non-validation of order before commencement of cheque printing job.	<ol style="list-style-type: none"> 1. Warning 2. Penalty of ₦200,000.00 (Two Hundred Thousand Naira) in case of a repeat offence. 	<ol style="list-style-type: none"> 1. Warning 2. Penalty of ₦1,000,000.00 (One Million Naira) in case of a repeat offence.
5	Introduction of unapproved security features.	₦1,000,000.00 (One Million Naira) per security feature. Penalty will be shared equally by the Deposit Money Banks (DMB) and Accredited Cheque Printer.	₦10,000,000.00 (Ten Million Naira) per security feature. Penalty will be shared equally by Commercial Banks and Accredited Cheque Printers.
6	Failure to submit cheque samples and quality assurance report by accredited cheque printer	₦1,000,000.00 (One Million Naira) fine.	₦5,000,000.00 (Five Million Naira) fine.

S/N	Offence	Previous Sanction	Revised Sanction
7	Subcontracting a significant portion of the job (above 50%) to another Accredited Printer/Personaliser other than Business Continuity Management/ Disaster Recovery Plan (BCM/DRP) situation.	<ol style="list-style-type: none"> 1. ₦1,000,000.00 (One Million Naira) fine. 2. Termination of accreditation for a repeat offence 	<ol style="list-style-type: none"> 1. ₦20,000,000.00 (Twenty Million Naira) fine. 2. Withdrawal of accreditation for a repeat offence
8	Failure to produce/ personalise cheque that conform to NCS/ NICPAS standard.	Reprint/personalise at own cost.	<ol style="list-style-type: none"> 1. Reprint/Personalise at own cost and ₦10,000,000.00 (Ten Million Naira) fine. 2. Reprint/Personalise at own cost and ₦20,000,000.00 (Twenty Million Naira) fine for a repeat offence.
9	Failure to set up or execute a BCM/DRP with another Accredited Printer/ Personaliser.	<ol style="list-style-type: none"> 1. Warning will be served, after which a period (to be determined by the CBN's Monitoring and Technical Implementation Committee will be given to set up/ execute BCM/DRP. 2. Failure to execute within advised timeline will result in suspension of licence. 	<ol style="list-style-type: none"> 1. Warning will be served, and minimum of three (3) months' notice will be given to set up/ execute BCM/DRP. 2. Failure to execute within the stipulated deadline in (1) above will result in suspension of accreditation.
10	Subcontracting to a non-accredited Printer/Personaliser.	Termination of accreditation.	Suspension of licence for a period of six (6) months and ₦10,000,000.00 (Ten Million Naira) penalty.

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