



**DEBT MANAGEMENT OFFICE
NIGERIA**

TO ALL LICENSED BANKS

**ANOTHER REMINDER: REQUIREMENT FOR LENDING TO ALL TIERS OF
GOVERNMENT**

As operators in the financial system, all banks are expected to be conversant with all laws and regulations related to their business. Accordingly, all banks are expected to be conversant with the provisions of Section 24 of the Debt Management Office (Establishment, Etc.) Act 2003, which states that: *"All banks and financial institutions requiring to lend money to the Federal, State and Local Governments or any of their agencies shall obtain the **prior** approval of the Minister (of Finance)."*

The Debt Management Office (DMO), having observed that some banks were contravening this law took the extra step in June 2013 to advertise in major national newspapers to remind banks of this legal requirement. In spite of this extra effort by the DMO, we observe that some banks are still not complying with the law as it relates to lending to all tiers of Government and their agencies.

This public notice serves as the **last reminder and warning** to all banks that any further contravention will be responded to, with the **full sanctions** applicable by the Federal Ministry of Finance. The DMO shall also advise the relevant regulatory authorities, including, but not limited to, the Central Bank of Nigeria and the Fiscal Responsibility Commission, to apply the necessary sanctions, in accordance with the relevant laws.

The DMO, once again, wishes to remind banks that they are to be appropriately guided by the provision of Section 24 of the DMO Act, 2003, in their lending operations to the Federal, State and Local Governments and their agencies.

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