Central Bank of Nigeria introduces electronic certificates of capital importation (e-CCI)

The Central Bank of Nigeria ("CBN") recently communicated to banks, its intention to phase out physical certificates of capital importation and migrate to electronic certificates (e-CCI) for improved efficiency.

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Overview of the new regulation

A certificate of capital importation ("CCI") is a certificate issued by a Nigerian bank confirming an inflow of foreign capital either in the form of cash (loan or equity) or goods. A CCI is usually issued in the name of the investor within 24-48 hours of the inflow of the capital into Nigeria. The primary purpose of the CCI is to guarantee access to the official foreign exchange market for repatriations of capital and returns on investment – dividend, interest, and capital on divestments. A copy of the CCI must be presented to the Nigerian bank to process a remittance by the requesting company.

Historically, CCIs have been issued in hard copy and, for repatriation purposes, the hard copy of the CCI had to be marked down by the bank. This has led to a situation where investors are unable to make repatriations in the event that an original CCI had been lost or destroyed. The CBN has now decided to automate the process by migrating to electronic CCIs (e-CCIs). The e-CCI will be on a server that is maintained by the CBN.

The e-CCIs will make it easier to process transactions, ease the process of tracking transactions and make it easier to amend the CCI where an investor transfers investment in Nigeria to another investor.

The CBN has directed banks to migrate all active CCIs to e-CCIs. Holders of active CCIs (i.e. CCIs with outstanding/un-repatriated amounts) would be required to return the original to the issuing bank for uploading on the new platform on or before 30 June 2016.

Some questions raised by the migration to the electronic system include whether there will now be a limit to how much can be repatriated with a CCI as there was formerly no limit. This ties in with current fears around the CBN's recent actions in relation to management of foreign exchange supply in Nigeria. The reforms also do not appear to address existing concerns around the transferability of CCIs from one investor to another.

The takeaway

It is clear that government is keen to move from manual to electronic systems. This should lead to better efficiency, ease of transaction and more transparency. Affected companies should liaise with their banks to confirm the specific process and requirements for migration of the paper CCIs.