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CBN REVOKES THE OPERATIONAL LICENCE OF HERITAGE BANK

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In accordance with the regulatory authority granted under the Banks and Other Financial Institution Act (BOFIA)2020, the Central Bank of Nigeria (CBN) announced on Monday, May 3, 2024, the revocation of Heritage Bank's banking license. This announcement was communicated through a statement signed by the Acting Director of Corporate Communications of the CBN. The CBN deemed this decision necessary due to Heritage Bank's persistent inability to enhance its financial performance, posing a significant threat to the country's financial stability. Consequently, the CBN appointed the Nigeria Deposit Insurance Corporation as the liquidator, in alignment with BOFIA 2020.

Amid circulating rumors that the CBN is poised to revoke the licenses of three additional banks, the CBN has firmly denied these claims, labeling them as false and designed to incite panic within the financial system.

The general consensus is that the CBN's decision is in the best interest of the banking sector. However, critics argue that both the CBN and the NDIC were not proactive enough and could have explored alternative measures to salvage the bank. These alternatives include guided liquidation, acquisition by a healthier bank, establishing a bridge bank to take over Heritage Bank's assets and liabilities, or holding the board and management accountable. Other concerns raised include the imminent job losses for Heritage Bank staff, the failure of business transactions, the potential loss of hard earned savings, investor funds and the broader implications for the economy.