

# Understanding CBN's dedicated accounts for investment and management of remittances by Nigerian diaspora

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Early in the year, the Central Bank of Nigeria (“**CBN**”) issued the “*Framework for the Operation of Non-resident Nigerian Ordinary Account and Non-resident Nigerian Investment Account*” (the “**Framework**”).

The Framework introduces two dedicated accounts for non-resident Nigerians (“**Nigerian diaspora**”), to enable them to personally manage their remittances to Nigeria, as well as participate directly in investment opportunities in the country.

The first account, *Non-Resident Nigerian Ordinary Account* (“**NRNOA**”), creates a window through which Nigerian diaspora can remit their foreign earnings to Nigeria and

manage the funds in both foreign currencies and the Naira. The second account, *Non-Resident Nigerian Investment Account* (“**NRNIA**”), provides an opportunity for Nigerian diaspora to invest in assets back in Nigeria either in foreign currencies or the Naira. A holder of any of the two accounts may maintain either a foreign currency account or Naira account or both, to facilitate transactions and participate in diverse investment opportunities in Nigeria.

The NRNOA and NRNIA, which became operational on January 1, 2025, provide the following key benefits to interested non-resident Nigerians:

- **serve as a conduit for Nigerian diaspora to directly manage their funds in a safe and secure environment back home, by reducing reliance on third parties in meeting local commitments and obligations.**
- **enable non-resident Nigerians to participate in Nigeria’s Diaspora Bond and other debt instruments issued locally and targeted at the Nigerian diaspora or available to the investing public.**

It is important to note that the opening of a NRNOA or NRNIA is subject to meeting the Know-Your-Customer (KYC) requirements as may be specified by the CBN.

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The two dedicated accounts are to be operated without prejudice to the provisions of *Memorandum 17 of the CBN FX Manual 2018*, which deals specifically with eligibility and documentation requirements for “External and Non-Resident Accounts” and their conduct.

The Framework contains provisions on salient matters regarding the operation of the NRNOA and NRNIA, including eligibility criteria, documentation requirements, taxation, repatriation of funds, interest rates, conversion flexibility, dual investments, cash withdrawals, local transfers, integration with Nigeria's Diaspora Bond and Financial Markets, and regulatory compliance.

### Key features of the two dedicated accounts

The table below compares some of the key features of the NRNOA and NRNIA

	NRNOA	NRNIA
Purpose	<ul style="list-style-type: none"> <li>For depositing foreign earnings (including salaries, allowances, dividends, and rental income) by individual non-resident Nigerians.</li> <li>For meeting personal expenses, such as family maintenance, education, healthcare, and other day-to-day needs in Nigeria.</li> </ul>	<ul style="list-style-type: none"> <li>Enables direct foreign currency investments by Nigerian diaspora in the Nigerian financial markets and instruments, such as foreign currency domestic bonds, fixed foreign currency deposits, and other eligible foreign currency-denominated assets.</li> <li>Facilitates direct local currency investments by Nigerian diaspora in the Nigerian financial markets and instruments, such as equities, government securities, mortgage products, and other eligible local investment instruments.</li> </ul>
Mode of Operation	<ul style="list-style-type: none"> <li>An account holder may maintain both a foreign currency account or local currency (Naira) account or both.</li> </ul>	<ul style="list-style-type: none"> <li>Same applies.</li> </ul>
Currency	<ul style="list-style-type: none"> <li>The account is held in freely convertible currencies as CBN may specify.</li> <li>An account holder may maintain a Naira account with funds remitted directly from an offshore account or convertible from a foreign currency account.</li> <li>Currency conversion shall be done through an Authorized Dealer at prevailing exchange rates.</li> </ul>	<ul style="list-style-type: none"> <li>Same applies.</li> <li>An account holder may also maintain a Naira account for investments in local currency assets.</li> <li>Same applies.</li> </ul>
Exempt from Certificate of Capital Importation (CCI)	<ul style="list-style-type: none"> <li>No <u>eCCI</u> is required for remitting funds into or out of the account.</li> </ul>	<ul style="list-style-type: none"> <li>Same applies.</li> </ul>
Capital mobility/Repatriation of funds	<ul style="list-style-type: none"> <li>The account enjoys total ease of capital mobility. The balances in the account (including investment principal and profits) can be fully repatriated out of Nigeria without restrictions.</li> </ul>	<ul style="list-style-type: none"> <li>Same applies.</li> <li>However, repatriation of balances in the NRNIA-Naira account, requires evidence of conversion of prior foreign inflows and investment proceeds from local currency assets.</li> </ul>
Taxation	<ul style="list-style-type: none"> <li>Interest earned on deposits will be subject to applicable taxes in Nigeria.</li> </ul>	<ul style="list-style-type: none"> <li>All investments are subject to applicable taxes in Nigeria. However, specific exemptions apply such as those for government bonds, etc.</li> </ul>
Regulatory Compliance	<ul style="list-style-type: none"> <li>Aligns with international AML/CTF standards, to ensure transparent fund flows and mitigate risks.</li> </ul>	<ul style="list-style-type: none"> <li>Aligns with global AML/CTF standards, to ensure transparent and secure investment transactions.</li> </ul>

### Commentary

Prior to the establishment of the Framework, the only applicable regulatory regime for non-resident accounts was set out in Memorandum 17 of the FX Manual 2018; which provides requirements for eligibility, documentation and operation of external and non-resident accounts. It also expressly lists three categories of entities eligible to operate a non-resident account in Nigeria. The listed categories are: (i) Overseas correspondence and examination bodies; (ii) Foreign companies executing approved contracts in Nige-





ria; and (iii) Foreign professional bodies. Thus, the FX Manual did not provide for the operation of non-resident accounts by individuals. The Framework is therefore a welcome development as it creates the regulatory dispensation for the establishment and operation of non-resident individual accounts. Nonetheless it should be noted that the opening and operation of the NRNOA and NRNIA are required to be done in compliance with the documentation requirements and operational conduct prescribed in the FX Manual.

Diaspora remittances continue to be on the increase, and now account for a significant fraction of Nigeria's GDP. According to the World Bank, the Nigerian diaspora remits about USD 25 billion annually. Recent reports from the CBN put diaspora remittances to Nigeria in the last five years at over USD 90 billion, with remittances processed through International Money Transfer Operators in the first ten months of 2024 hitting USD 4.22 billion. Though the funds are not typically channeled towards private equity investments, they constitute a vital source of household income and play a significant role in improving the living conditions of the families of non-resident Nigerians back home. A considerable part of these remittances also finances the acquisition of real estate notwithstanding the risks.

The security and flexibility afforded by the two non-resident Nigerian accounts, are expected to make them attractive to Nigerians abroad desiring to invest their foreign earnings back home. The risks associated with sending funds through family and friends, for property acquisition or meeting personal expenses and family obligations at home, will be drastically reduced through the operation of the NRNOA. By the same token, a unique opportunity for non-resident Nigerians to participate in the financial market, by directly investing in high-yielding debt and equity instruments without necessarily having to go through local agents, comes with the operation of the NRNIA.

The guarantee provided for repatriation of capital and investment returns without having to produce e-CCI as proof of initial capital inflow, and the options to maintain either a foreign currency or Naira account or both, make the non-

resident Nigerian accounts highly flexible, easy to open, and seamless to operate.

Adequate financial inclusion remains an economic imperative for the actualization of the reform agenda of the federal government and the goal of achieving a USD 1 trillion economy by 2030. Foreign exchange ("FX") inflows from non-resident Nigerians, whose population, according to the Nigerians in Diaspora Commission, is currently estimated at 17 million, are an important catalyst for the projected growth. Successful operationalization of the NRNOA and NRNIA could be a potential game changer that could revitalize the economy, through direct attraction of FX into Nigeria.

### DISCLAIMER

This article is intended to provide a general guide to the subject matter and does not by itself constitute legal advice to readers. Specialist advice should be sought about readers' specific circumstances.

### CONTACT PERSONS



**Seyi Bella**

Partner

E: [sbella@banwo-ighodalo.com](mailto:sbella@banwo-ighodalo.com)



**Oluwatoba Oguntuase**

Senior Practice Support Lawyer

E: [ooguntuase@banwo-ighodalo.com](mailto:ooguntuase@banwo-ighodalo.com)