THE CENTRAL BANK OF NIGERIA (CBN)

The Central Bank of Nigeria (CBN) was established by the CBN Act of 1958 and commenced operations on July 1, 1959.

The major regulatory objectives of the bank as stated in the CBN Act are to: maintain the external reserves of the country, promote monetary stability and a sound financial environment, and to act as a banker of last resort and financial adviser to the Federal Government. The Central Bank's role as leader of last resort and adviser to the Federal Government has sometimes pushed it into murky regulatory matters. After the end of imperial rule, the desire of the government to become proactive in the development of the economy became visible especially after the end of the Nigerian Civil War; the bank followed the government's desire and took a determined effort to supplement any shortfalls in credit allocations to the real sector. The bank soon becomes involved in lending directly to consumers, contravening its original intention to work through commercial banks in activities involving consumer lending. However, the policy was an offspring of the indigenization policy at the time. Nevertheless, the government through the Central Bank has been actively involved in building the nation's money and equity centers, forming securities regulatory board and introducing treasury instruments into the capital market.