



How to Obtain a Bureau de Change License in Nigeria: A Comprehensive Guide

Description

Before diving into the detailed steps, here is a quick overview of what you will find in this article: what a Bureau de Change (BDC) license is and why it matters; the two license tiers (Tier 1 and Tier 2) and their capital requirements; all the fees you will pay; a clear, two-stage application process from Approval-in-Principle (AIP) to Final License; typical timelines; post-license obligations; and answers to common FAQs and misconceptions, all drawn directly from the Central Bank of Nigeria's (CBN) **Revised Regulatory and Supervisory Guidelines for Bureau de Change Operations**, effective June 3, 2024.

1. What Is a Bureau de Change License?

A **Bureau de Change (BDC)** license is the official permit from the CBN that allows a company to buy and sell foreign currencies (notes, coins and e-products) to individuals and small businesses in Nigeria. Operating without this license violates the CBN Act, 2007 and the Banks and Other Financial Institutions Act (BOFIA), 2020.

2. License Tiers: Choosing the Right Scale

The CBN divides BDC licenses into **two categories** based on the scope of operations:

Feature	Tier 1	Tier 2
Geographic Coverage	All States & FCT	Single State or FCT
Branches & Franchises	Unlimited branches; up to 10 franchises/state	Up to 5 branches; no franchises
Minimum Distance	≥ 1 km between outlets/franchises	≥ 1 km between branches

3. How Much It Costs: Capital & Fees

All payments are made via RTGS to designated CBN accounts. Below is a breakdown of the **minimum paid-up capital** and **non-refundable fees** for each tier:

Item	Tier 1 (₦)	Tier 2 (₦)
Minimum Paid-Up Capital	2,000,000,000	500,000,000
Mandatory Caution Deposit	200,000,000	50,000,000
Application Fee	1,000,000	250,000
License Fee	5,000,000	2,000,000
Annual Renewal Fee	5,000,000	1,000,000

Tip: The renewal fee is **not** payable in the year you first obtain your license.

4. Step-by-Step Application Process

4.1 Stage 1 - Approval-in-Principle (AIP)

1. Draft a Letter

Address it to the **Governor, CBN, Abuja**.

2. Appendix 1 Documents

- CAC name reservation proof
- Shareholders' table with BVNs/TINs and addresses
- RTGS receipts for capital contributions
- Application fee payment evidence (₦1 m or ₦250 k)
- Directors' list, CVs and Beneficial Owner declarations (Appendices 3 & 4)
- Draft governance manuals (Risk Management, AML/CFT Policy, Business Continuity)

3. CBN Review

They conduct "fit-and-proper" tests on owners/management and verify capital adequacy.

4. Receive AIP Letter

Valid for 6 months; present it to the CAC to incorporate your BDC.

Note: AIP does **not** allow you to trade. You must complete Stage 2 first.

4.2 Stage 2 - Final License

4.2.1 Provisional Approval

Within **6 months** of AIP, submit an application with **Appendix 5** documents:

- CTC of CAC Certificate & MEMART

- CAC Status Report
- Stamp-duty evidence
- Share register & certificates
- Proof of office premises
- ICT infrastructure specs & SLA
- Management CVs, tax clearances & BVNs

Then, the CBN will perform an **on-site inspection** of your premises, IT setup, original documents and security measures.

4.2.2 Final License Issuance

1. **Integrate IT Systems**

Connect with CBN's extranet, returns system, FIFX, FinA, CARP and the NIBSS BVN platform.

2. **Submit Appendix 6**

Insurance cover, Business Continuity Plan, board minutes, audited opening statement.

3. **Pay** license fee and caution deposit via RTGS, then send proof to CBN.

4. **Collect** your Final BDC License and start operations.

5. Typical Timeline & Why Compliance Matters

- **Provisional Approval:** Up to **6 months** after AIP submission.
- **Final License:** Apply within **60 days** of provisional approval.
- **Urgency:** In March 2024, the CBN revoked **4,173** BDC licenses for non-compliance, underscoring the importance of following every step precisely.

6. After You Get Licensed: Ongoing Obligations

- **Operating Hours:** Mon–Fri, 8 am–4 pm.
- **Settlement Rules:** Cash only for transactions ≤ USD 500; larger sums via electronic transfer.
- **Reporting:**
 - Daily returns by 10 am the next business day
 - Monthly returns by the 5th of each month
 - Audited financial statements by March 31 annually
- **Record-Keeping:** Retain KYC & transaction records for **5 years**.
- **Public Display:** License, exchange rates and AML/CFT notices at all outlets.

7. License Renewal & Penalties

- **Renewal Window:** By January 31 each year, pay the **annual renewal fee**.
- **Lapsing:** Failure to renew means your license expires automatically.
- **Penalties:** Non-compliance with CBN/AML/CFT rules can lead to fines or revocation.

8. Frequently Asked Questions

Q1. What is a Bureau de Change?

A company licensed by the CBN to carry out small-scale foreign exchange retail business in Nigeria.

Q2. What's the minimum capital I need?

Tier 1: ₦2 billion; Tier 2: ₦500 million.

Q3. How long does it take?

Up to 6 months for provisional approval; final license application within 60 days after that .

Q4. Can non-Nigerians apply?

No, only Nigerian-registered companies are eligible. Non-resident foreigners are disallowed.

Q5. How many branches am I allowed?

Tier 1: unlimited (with CBN-approved franchises); Tier 2: up to 5 in one state/FCT.

Q6. Do I need special IT systems?

Yes, real-time reporting, AML screening and integration with CBN/NIBSS platforms are mandatory.

9. Common Misconceptions

- **“Anyone can open a BDC.”** Only duly incorporated companies with CBN AIP and Final License can operate.
- **“License fees are refundable.”** All application, license and renewal fees are **non-refundable**.
- **“Cash is unlimited.”** Cash transactions capped at **USD 500**; larger deals require electronic transfers.
- **“Branches are automatic.”** Tier 2 licenses limit you to **5 outlets**; any additional branch needs a Tier 1 license

By following these straightforward, CBN-mandated steps; submitting the right appendices, paying the prescribed fees, and integrating required systems, you will stand the best chance of securing and maintaining your Bureau de Change license in Nigeria. Vigilant compliance will keep your license in good standing, helping you seize opportunities in the retail forex market.

Category

1. Industry Insights