

DISCONTINUATION OF THE PRICE VERIFICATION SYSTEM PORTAL

INTRODUCTION

In an effort to reduce delays and procedural burdens associated with foreign exchange transactions - particularly the requirement to obtain a Price Verification Report ("PVR") before processing Form M, the Central Bank of Nigeria ("CBN") issued a circular on June 26, 2024 addressed to all Authorized Dealer Banks and the public, announcing the discontinuation of the Central Bank of Nigeria Price Verification System Portal ("the Circular").

The Price Verification System (PVS) Portal, introduced in 2023 to verify the prices of imported goods, was designed to enhance transparency in foreign exchange transactions. However, with the issuance of this Circular, the PVS Portal has now been discontinued to facilitate trade processes and alleviate procedural bottlenecks.

ESTABLISHMENT AND PURPOSE OF THE PRICE VERIFICATION SYSTEM PORTAL

In August 2023, the Central Bank of Nigeria ("CBN") launched the Price Verification System (PVS) Portal to achieve several objectives, including:

- Facilitating importers' access to foreign exchange (forex);
- Standardizing the pricing of imported items; and
- Monitoring the remittance of foreign exchange by importers in the forex market, in line with international best practices.

Since its launch, the PVS Portal has been utilized to verify the prices of imported items, ensuring transparency in forex transactions. It is pertinent to note that the PVS is not designed to determine the actual prices of items for government tariffs or duties.

Under the PVS regime, declared import prices exceeding the global average by more than 2.5% were flagged for review. As such, declared import prices were required to remain within 2.5% of global average prices to avoid discrepancies.

ALLOWABLE DEVIATION LIMIT

On February 14, 2024, in response to global inflation and related challenges, the Central Bank of Nigeria ("CBN") issued a circular revising the allowable limits for price deviations on exports and imports. The deviation limits were adjusted from 2.5% above to a range of -15% to +15% relative to the global average prices.

This adjustment aimed to align declared prices of imported items more closely with global averages, while also curbing excessive outflows of the limited foreign exchange reserves caused by over-invoicing and other price manipulation practices.

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The Central Bank of Nigeria (“CBN”) has been actively working to liberalize the foreign exchange market in line with recent reforms undertaken by the apex bank. Exercising its powers to make rules and regulations under Section 56 of the Banks and Other Financial Institutions Act (BOFIA) 2020, the CBN, via a circular, announced that effective July 1, 2024, all applications for **Form M** will be processed without requiring a Price Verification Report (PVR) from the Price Verification System (PVS) Portal. This measure is intended to ease trade processes and eliminate procedural bottlenecks.

In recent months, the CBN has introduced several initiatives to further liberalize the foreign exchange market, including **Removal of Exchange Rate Limits for International Money Transfer Operators** (adopting the Willing Buyer, Willing Seller principle); **Prohibition of Dollar-Denominated Collateral for Naira Loans; and Sale of FX to Bureau de Change Operators.**

The discontinuation of the PVS Portal for price verification aligns with these ongoing reforms, reflecting the CBN’s commitment to enhancing efficiency and promoting a more flexible foreign exchange system.

CONCLUSION

The removal of the PVS requirement portal for Form M applications demonstrates a clear commitment to fostering a more liberalized and efficient foreign exchange market. By streamlining trade processes, adopting market-driven principles, and introducing innovative measures, the CBN aims to bolster economic growth, ease transactions for businesses, and enhance Nigeria’s global trade competitiveness. These progressive steps signal a transformative approach to strengthening the country’s financial framework and building a robust, flexible foreign exchange system for sustainable development.

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