The CBN's 2026 Foreign Exchange Manual: Key Reforms and Practical Implications for Businesses.

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1.0 Introduction

On 16 May 2026, the Central Bank of Nigeria **("CBN")** launched the 2026 FX Manual of its Foreign Exchange Manual **("2026 FX Manual")**, which took effect on 1 June 2026. The 2026 FX Manual replaces the previous edition issued in 2018 and constitutes the first comprehensive review of Nigeria's foreign exchange regulatory framework in almost a decade. Its introduction comes amid a significantly transformed foreign exchange landscape shaped by exchange rate unification, rapid fintech growth, fluctuating oil revenues and ongoing reforms aimed at restoring investor confidence.

This article examines the key regulatory changes introduced by the 2026 FX Manual and assesses their practical implications for authorised dealers, corporates, exporters, investors, and the broader Nigerian economy.

2.0 Key Regulatory Changes Under The 2026 FX Manual

2.1. Stiffer Penalties for Non-Compliance

One of the most consequential changes introduced by the 2026 FX Manual is the introduction of a clearly defined sanctions regime. Authorised dealer banks that process foreign exchange transactions without adequate documentation are now liable to a ₦100 million base fine, plus ₦10 million per affected transaction. For large commercial banks processing hundreds of FX transactions daily, the per-transaction penalty structure creates exponential financial exposure for systemic non-compliance. It also changes the internal compliance system, where previously the cost of non-compliance was uncertain and therefore discountable.

2.2. Enhanced Documentation and Reporting Obligations

The 2026 FX Manual also substantially expands the documentation and reporting framework governing FX transactions. Authorised dealers are now required to submit periodic returns on forward and swap transactions, electronically report their foreign currency exposure positions and comply with the CBN's requirements relating to Net Open Positions (NOP) limits. There are now additional reporting obligations for specialized participants, including hotels licensed as Authorised Buyers and banks processing service export receipts.

2.3. Increased Down Payments Threshold

Under the new Manual, down payments may now be made up to a maximum of 30% of the Free on Board (FOB) value of the transaction. Notably, the 15% cap under the old regulation frequently constrained Nigerian importers negotiating with foreign manufacturers and suppliers, many of whom required larger advance payments before commencing production or shipment. The resulting gap between regulatory limits and commercial realities often complicated procurement planning and project execution.

By increasing the permissible down payment threshold, the 2026 manual better accommodates prevailing international trade practices while retaining appropriate prudent safeguards against abuse.

2.4. Personal Travel Allowance and Digital Disbursement Requirements

The 2026 FX Manual retains the existing quarterly limits for Personal Travel Allowance (PTA), while introducing an important operational change in the manner in which those allowances are disbursed. Although the maximum entitlement remains $4,000 per quarter, authorised dealers are now required to disburse a minimum of 75% of the allowance through cards or other approved digital channels, with only the remaining 25% payable in cash.

This represents a significant departure from the approach adopted under the 2018 Manual, which did not prescribe any mandatory ratio between electronic and cash disbursements. Effectively, this complements the CBN's efforts to promote digital payments, improve audit trails and minimise opportunities for abuse associated with cash-based FX transactions.

2.5. Formal Recognition of Service Exports

Unlike the 2018 Manual, whose provisions were largely designed around the export of physical goods, the new Manual expressly accommodates foreign exchange receipts arising from services such as transportation, travel, information and communications technology (ICT) and digital services, professional and business services, entertainment, and energy services. Furthermore, the Manual now prescribes the documentary framework for these transactions, requiring service export invoices, contracts or service agreements, and evidence of FX inflows. It also requires authorised dealer banks to capture all FX receipts relating to service exports and submit periodic returns to the CBN.

2.6. Tuition Free Payment Remittances

The 2026 FX Manual also revises the foreign exchange framework for education-related remittances by increasing the maximum amount that may be remitted for tuition fees from **US$15,000** to **US$25,000 per semester**, subject to a maximum of two semesters per academic year.

The revised threshold reflects the increasing cost of overseas education and aligns the regulatory framework more closely with prevailing commercial realities. Under the previous regime, the lower remittance limit frequently proved inadequate for tuition fees charged by many foreign educational institutions, often requiring parents and sponsors to explore alternative funding arrangements.

2.7. Free Processing of Form NXP

Under *Memorandum 10* of the new Manual, it introduces a practical but noteworthy reform by expressly providing that the processing of Form NXP shall be free of charge. Although modest in isolation, this forms part of the CBN's broader objective of reducing administrative barriers to export participation while strengthening compliance within Nigeria's export ecosystem.

For exporters, particularly small and medium-sized enterprises, compliance costs often extend beyond substantive regulatory obligations to include a range of procedural expenses incurred throughout the export process. The removal of processing fees therefore reduces one such cost and simplifies access to the formal export documentation framework. While the financial impact of the change may be relatively limited on a transaction-by-transaction basis, its cumulative effect may be significant for businesses that engage in frequent export activities.

2.8. PAPSS and Technology Company Remittances

One of the more forward-looking innovations introduced by the 2026 FX Manual is the formal recognition of the **Pan-African Payment and Settlement System (PAPSS)** and the accommodation of remittance arrangements involving technology companies within Nigeria's foreign exchange framework.

The inclusion of PAPSS reflects the growing importance of regional payment infrastructure in facilitating cross-border trade within Africa. By enabling participating institutions to settle eligible transactions in local currencies, PAPSS reduces dependence on intermediary correspondent banking arrangements and supports the objectives of regional economic integration under the African Continental Free Trade Area **(AfCFTA).** Its incorporation into the Manual therefore provides regulatory recognition for a payment system that has become increasingly relevant to intra-African commerce.

Conclusion

The CBN's 4th Edition Foreign Exchange Manual 2026 is the most significant overhaul of Nigeria's FX regulatory framework since 2018, reflecting the realities of a rapidly evolving foreign exchange market. It introduces stronger enforcement mechanisms, greater operational flexibility, and key market modernization measures, while simplifying several administrative processes. Collectively, these reforms aim to enhance transparency, improve market efficiency, and strengthen regulatory certainty.

You may reach out to our team at: info@wtsblackwoodstone.com for further guidance and support.

Authors

Innocent Mbey
Innocent@wtsblackwoodstone.com

Merry Ikatari
Merry@wtsblackwoodstone.com

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Imprint
WTS Blackwoodstone
Unit 12, No 8 Office Apartments, Plot 8, Rasheed Alaba Williams, Lekki, Lagos
Nigeria
T: +234 9033 501 613 www.wtsblackwoodstone.com | info@wtsblackwoodstone.com

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