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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

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Directive No. FXD/30/2006
Provisions for International Remittance Services

Whereas, it is necessary to improve the operations of the formal remittance transfer system in Ethiopia by reducing remittance costs and increasing access to cost effective, reliable, fast and safe services that benefit migrants.

Whereas, there is no clear guideline or directive issued by NBE for enhancing incoming remittances transfers and regulating the processes.

Now, therefore, pursuant to the authority vested in it through Article 6 and 61 of the Monetary and Banking Proclamation No. 83/1994, the National Bank of Ethiopia (herein after the "Bank") has issued this Directive.

Article 1

Definitions

For the purpose of this Directive, unless the context provides otherwise,

1.1 "**International Remittance transfer by nationals**" shall mean monetary transfers that overseas Ethiopians and foreign nationals of Ethiopian origin make to their home country, Ethiopia. These transfers may include:

- a) Personal transfers

- b) Money to be used for investment, donation, deposit and service payments
- c) Temporary and permanent migrants transfers

1.2 "**Remittance Service**" shall mean a service that enables customers to send and/or receive fund transfers.

1.3 "**Remittance Service Providers (RSP)**" shall mean a licensed business organization that provides remittance service to customers either directly by banks or through money transferring agents working in association with banks. These RSPs include;

1.3.1 International money transfer operators

1.3.2 Commercial banks (Bank-to-Bank transfers through SWIFT and other media)

1.4 "Money transferring agent" shall mean a business organization having a valid license issued abroad that captures or distributes remittance transfers in association with domestic banks and others to be specified by NBE.

1.5 "**Bank Identifier Code (BIC)**" shall mean a unique address which, in a telecommunication message, identifies the financial institutions.

1.6 "**International Bank Account Numbers (IBANs)**" Shall mean a code that uniquely identifies an account held in correspondent banks.

1.7 "**Exclusivity condition**" shall mean a condition where RSP allows its agents or other RSPs to offer its remittance service only on condition that they do not offer any other remittance service.

1.8 "**Access point**" shall mean location such as bank branch, post office, website, brochures, telephones etc, where users can receive information about remittance services.

1.9 “**Commercial Banks**” shall mean domestically licensed business organizations that provide financial intermediation for savers, borrowers and money senders and/or receivers.

1.10 “**Non-Financial Organizations**” shall mean those business organizations that are allowed to engage in remittance services through their branches overseas. These are;

- a) Ethiopian Airlines (EAL)
- b) Ethiopian Shipping Lines (ESL)

1.11 “**International Money Transferring Operators**” shall mean internationally licensed and regulated business organizations that provide money-transferring services internationally. These include; Western Union, MoneyGram , Maniflo, Adam Funds etc.

Article 2

Eligibility to Provide International Remittance Services

2.1 The following institutions or organizations are eligible to provide low cost international remittance service in Ethiopia;

2.1.1 International money transfer operators in association with banks

2.1.2 Commercial banks

2.1.3 Non-financial organizations

Article 3

Obligations of Remittance Service Providers (RSPs)

3.1 Remittance services given by RSPs should be transparent to customers. To this end, RSP shall clearly disclose and/or post;

- 3.1.1 Terms and tariffs applicable to remittance services i.e., their correspondent bank and agent fees and the different types of service (Bank-to-Bank and through Money Transferring Agents) they provide.
 - 3.1.2 Estimated time it will take the money to reach the receiver and the exchange rate.
 - 3.1.3 Bank Identifier Code (BICs) and International Bank Account Numbers (IBANs) in their correspondent banks.
- 3.2 Remittance service agency agreement and provisions contained there in should be structured based on competitive market operations. There fore:-
- 3.2.1 RSPs shall arrange non-exclusive conditions when making agency agreement between them.
 - 3.2.2 Contractual agreement between RSPs shall not be for more than two years. However, it can be renewed upon receipt of consent from the NBE.
 - 3.2.3 RSPs shall charge zero or minimum tariff on remittance transfer services and shall disclose same including any change thereof to NBE.
 - 3.2.4 RSPs must obtain approval from the National Bank of Ethiopia before entering into new agency agreement with international money transferring operators. RSPs shall make agency agreement only with licensed money transfer operators and send the following documents to NBE;
 - a) Copy of the money transferring agent's valid document which is authenticated by Ethiopian Embassies abroad or other pertinent organizations
 - b) Draft contractual agreement
 - c) Renewal draft agreement

- 3.2.5 Banks must efficiently use SWIFT system to provide remittance transfer services.
- 3.2.6 Banks including NBE shall open work units to facilitate remittance transfer service to their customers and provide such service within 24 hours.
- 3.2.7 RSPs must advertise their remittance services, BICs and IBANs through Brochures, Websites and Ethiopian embassies and consulates abroad.

Article 4

Submission of Remittance Data and Inspection

- 4.1 Banks and other Remittance Service Providers must submit remittance data in prescribed formats providing details on transfers of government, international organizations, individuals, PLCs and NGOs to Foreign Exchange Statistics and Monitoring Department of the National Bank of Ethiopia on a monthly basis.
- 4.2 Banks and other remittance service providers shall report foreign exchange transfer receipts of non-financial organizations such as Ethiopian Airlines and Ethiopian Shipping Lines on monthly basis.
- 4.3 The NBE may conduct inspection at any time on the premises of Remittance Service Providers. The inspection may include reviewing of the disclosure of remittance service information specified in this Directive at every access point.

Article 5

Penalties

5 Any Remittance Service Provider that violates any of the provisions of this Directive shall be subject to penalties in accordance with the Licensing and Supervision of Banking Business Directive No.SBB/27/2001.

Article 6

Effective Date

This Directive shall enter into force as of the 28th day of August 2006.

Money Transfers by Means of Transfer and Beneficiary

(In Millions of USD)

Name of Bank: -----

Month: -----

	Last Year Same Month	Preceding Month	Current Month
Money Transfer through SWIFT Government Public Organizations Private Enterprises NGOs Individuals Others			
Money Transfer through Money Transfer Agents Government Public Organizations Private Enterprises NGOs Individuals Others			
Money Transfer through Other Means Government Public Organizations Private Enterprises NGOs Individuals Others			