

Extending Banking Services to Ethiopians in the Diaspora

Ethiopians in the Diaspora are not accustomed to using banks in remitting money to their homeland. Almost the majority of these Ethiopians and citizens of other countries but of Ethiopian origin do not know how to transfer money to their homeland other than the informal one.

Lion International Bank S. C. (LIB) plans to reach out these Ethiopians who reside in the Middle East and else where through out the world, where their concentration is high. This requires the support and cooperation of Ethiopian Embassies all over the world to facilitate the process of creating customer-bank relationship with these target groups at large.

Establishing relationship with Ethiopians in the Diaspora through customer-bank relationship means an inflow of foreign currency in to the country, which is a scarce resource. It is also resource mobilization through current, savings and fixed time deposit accounts while at the same time making it easier for them to extend their assistance to their loved ones and other relatives.

Ethiopian Embassies all over the world will extend their cooperation so that individuals and community representatives are able to use their services in the process of opening accounts with the Bank. To this end, banking formats and others that are informative for the opening of accounts and transfer of funds will be kept at the embassies and posted on the Website of Lion International Bank S.C. at lionbank@ethionet.et or anbesabank@ethionet.et

Ethiopian Embassies all over the world will assist Ethiopians by:

- Authenticating the identity of individuals, and
- Witnessing the signing of specimen signatures in front of an Embassy official.

at the reverse side of the Account Application Forms as well as sending the filled in Forms to the Ministry of Foreign Affairs via diplomatic bag for

subsequent collection by Lion International Bank S.C. As soon as the applications are received, LIB will open the accounts at branches of the applicant's choice. The account number will be communicated by a convenient means.

The Types of Accounts for Ethiopians in the Diaspora

1. Foreign Currency Account

These are accounts in USD, Euro and Pound Sterling and are operated as per National Bank of Ethiopia Directive No. FXD/31/2006 of 28th August 2006.

- Current Accounts – the minimum initial deposit to open a current account is USD 100.00 or equivalent in other currencies acceptable in Ethiopia. The maximum amount to be deposited to current account shall not exceed USD 50,000.00
- Fixed Time Deposits – the minimum initial deposit for a fixed deposit account is USD 5,000.00 or the equivalent of other permissible foreign currencies.

1.1 The sources of credits to accounts

- Travelers' cheques brought by the account holder from abroad,
- Cash Notes legally declared to the Customs Authority supported by sealed and signed FX declaration form,
- Check deposits originating from abroad,
- Direct credits from foreign sources through the banking system,
- Receipt through international payment cards/credit cards,
- Transfer from another type of non-resident FCY account.

1.2 The foreign currency accounts could be used:

- To make foreign payments for imports and other services,
- To effect transfers abroad,
- To make local payments in Birr,
- To transfer to other FCY accounts,
- To convert into Birr at the ruling exchange rate,
- To pay bank charges,
- To serve as collateral/guarantee for loans/bids.

2. Non-repatriable local currency (Birr) accounts

1. **A Special Saving Account** that has been introduced as a banking product now-a-days to serve Ethiopians in the Diaspora. It is special, because it is intended to serve special category of people (the Diaspora) but is not operated in accordance with the normal saving account. Like that of current account, the minimum initial deposit is Birr 500.00. Account holders will be provided with the check books. It is not in accord with the normal saving account, because it is operated using cheques. However, the account bears normal saving account interest rate (currently 3.15% p.a). Savings passbook is not issued to holder of Special Saving Account. Instead, statement of the account is provided every three months and as and when requested against charges.
2. **Normal Saving Accounts** is opened with an initial deposit of Birr 50.00 and it is passbook based. It bears an interest rate of 3.15% per annum to be capitalized every month.
3. **Current Accounts** is opened with an initial deposit of Birr 500.00 and it is normally a non interest bearing account. However, for balances of over Birr 100,000.00, a minimum interest rate of 0.50% per annum and over can be paid depending on the level of the deposit balance.
4. **Certificate of Fixed Deposits** is opened starting from Birr 5000.00. It is an interest bearing account. The rate of interest is dependent upon the amount of the deposit balance shown in the account and the duration of time the deposit stays with the Bank.

2.1 Use of the accounts.

The local currency accounts could be used:

- For deposit only in the form of savings for future use.
- To make local payments to relatives and others.

3. Methods of Transfer

3.1 If the transfer of money is for credit to account with Lion International Bank S. C.

1. Full name and address of beneficiary
2. State Saving Account, Current Account/Demand deposit account number with Lion International Bank S. C., _____Branch.
3. Full name and address of sender.
4. Purpose or details of payment, if applicable.

3.2 If the transfer of money is for payment to individuals or institutions:

- Full name and address of beneficiary
- State the account number, if maintained with Lion International Bank S. C. or other banks.
- Full name and address of sender.
- Purpose or details of payment, if applicable.

Lion International Bank S. C has connection with SWIFT.

Its **BIC** address is **LIBSETAA**