

Establishment and Operation of Foreign Currency Saving Account
for Residents of Ethiopia, Non-Resident Ethiopian
and Non- Resident Ethiopian Origin
DIRECTIVE NO. 783 /2021

Whereas, it is necessary to create incentives for Resident of Ethiopia, Non Resident Ethiopian Nationals and Non Resident Ethiopian Origin who are eligible and need to maintain foreign currency account with banks so as to encourage inflow of foreign exchange in the formal channel;

Whereas, operation of foreign currency saving account by Resident of Ethiopia, Non Resident Ethiopian Nationals and Non Resident Ethiopian Origin can support the international foreign exchange reserve and ease the balance of payments problem of the country;

Whereas, allowing Resident of Ethiopia, Non Resident Ethiopian Nationals and Non Resident Ethiopian Origin receipt to open foreign currency saving account could encourage saving and investment;

Now, therefore, pursuant to the authority vested in it by Article 20(2), 20(3) and 27(2) of the National Bank of Ethiopia Establishment Proclamation No. 591/2008, the National Bank of Ethiopia has issued this Directive.

Article 1

Short Title

These Directives maybe sited as “**Establishment and Operation of Foreign Currency Saving Account for Residents of Ethiopia, Non-Resident Ethiopian and Non-Resident Ethiopian Origin**” Directives No. 783 /2021”.

Article 2
Definitions

For the purpose of these Directives, unless the context provides otherwise;

1. **“Residents of Ethiopia”** shall mean Ethiopian Nationals and Resident Foreigners living and/or working in Ethiopia
2. **“Non-resident Ethiopian”** shall mean Ethiopian Nationals living outside Ethiopia;
3. **“Non- resident Ethiopian Origin”** shall mean a Non-Resident and holder of a valid identification card , obtained pursuant to Proclamation Number 270/2002, attesting that he/she is a foreign national of Ethiopian Origin;
4. **“Foreign Currency Saving Account”** means a saving account denominated in acceptable foreign currency and maintained at a bank ;
5. **“ Bank”** is a company licensed by the National Bank to undertake the banking business and a bank owned by the Government ;
6. **“National Bank”** is the National Bank of Ethiopia;
7. **“Foreign Currency”** means any currency other than Ethiopian Legal tender which is legal tender in any country outside Ethiopia as to which the National Bank has declared to be acceptable for exchange in Ethiopia.
8. **“Foreign exchange”** means any foreign currency , cheques, bills of exchange promissory notes, drafts, securities , and other negotiable instruments, expressed in foreign currency as well as bank balances in account held in foreign currency or asset in the form of foreign account crediting or set-off arrangements, expressed or payable in foreign currencies provided they are acceptable by the National Bank.
9. **“ Foreign Currency Cash Note”** shall mean foreign currency cash declared at customs boundary or undeclared as per the Directive to limit on birr and foreign currency holding in the territory of Ethiopia ;

10. “International Remittance Service Provider(IRSP)” shall mean internationally licensed or licensed in a country which mainly operate in one jurisdiction and regulated business organization that provides money-transferring services in association with local bank;

11. Foreign Inward remittance: Foreign currency receipt by Resident from Non Resident or to Non Resident own account through bank transfer.

Article -3

Eligibility Criteria

The following individuals may open a foreign currency saving account in any of banks in Ethiopia.

- a) Residents of Ethiopia
- b) Non Resident Ethiopian
- c) Non Resident Ethiopian Origin

Article 4

Opening Foreign Currency Saving Account

- 4.1 Non Resident Ethiopians and Non Resident Ethiopian origin can open foreign currency saving account in person or by post in his/her name. Opening banks may also establish contact with potential account openers using Ethiopian Embassies, e-mail, fax, telex and/or other electronic media and power of attorney holders authorized by the opening bank. The bank should however, receive authenticated documents afterwards to open the accounts.
- 4.2 Resident of Ethiopia can open an account by producing required documents by account opening bank.
- 4.3 A request for opening an account for deposit in foreign currency saving account shall be accompanied by a letter of application and a specimen signature.
- 4.4 Two or more eligible joint depositors may together open a single account

- 4.5 Power of attorney holders are allowed to open foreign currency accounts but cannot credit the account on behalf of non-residents and/or foreign nationals of Ethiopian origin.
- 4.6 A minimum of USD 50 or equivalent in any other currencies stated under article 6 is required as an initial deposit to open the account

Article 5

Types of Permitted Account

- 5.1 A bank may open interest bearing or interest free foreign currency saving account for Residents of Ethiopia, Non-resident Ethiopian and Non Resident Ethiopian Origin depending on the choices of the account holders
- 5.2 The interest rate shall be calculated in foreign currency, but paid in local currency. The minimum interest rate shall be LIBOR plus 4 percent subject to revision from time to time by the National Bank of Ethiopia.

Article 6

Types of Currency

- 6.1 A bank is required to maintain for eligible foreign currency saving account holders in the following types of currency only.
- a) The US dollar
 - b) Pound Sterling
 - c) Euro
- 6.2 A bank may accept deposits in other convertible currencies that include Canadian Dollar, Chines Yuan, Saudi Riyal, Japanese Yen, Australian Dollar and UAE Dirham. And, these other currencies shall be converted to any of the three currencies enumerated under Article 6.1 at spot exchange rate based on the preference of the account opener.

Article 7
Crediting the Account

A foreign currency saving account opened by Residents of Ethiopia, Non-Resident Ethiopian and Non Resident Ethiopian Origin shall be credited by:

- a) Foreign currency transferred through banking system
- b) Deposit of Foreign currency cash notes
- c) Foreign currency transferred through International Remittance Service Providers.
- d) Transfer from own Non Resident foreign currency account
- e) Transfer or cheque drawn or endorsed in favor of Ethiopian National by a Non-resident foreign currency account holder from Non-Resident Foreign Currency account.

Article 8
Use of the Account

The foreign currency saving account holders:

- a) Are free to sell all or part of their account balances to deposit opening banks at any time.
- b) Can use for his/her self, spouse and children education, medical and travel expenses abroad upon presentation of valid documents to confirm relationship with the account holder. The documentation requirements and maximum amount of utilization should be as per the operation of Foreign Exchange Bureau Directive.
- c) Notwithstanding, article 8b above, the account holder shall have the right to withdraw 10% of the foreign currency balance in debit card.
- d) can use as cash collateral to get credit in local currency from banks in line with the opening authorized bank's credit policy.
- e) Can use to purchase share from the Financial Institutions
- f) Other than for the purpose indicated under article 8 sub article b, withdrawal is permitted only in birr
- g) Other transactions that might be approved by the National Bank of Ethiopia from time to time.

Article 9

Prohibitions

- 9.1 Foreign Currency Cash notes deposit originally bought from forex bureaux but not utilized due to cancellation of travel shall not be used to credit and/or open a foreign currency saving account.
- 9.2 Foreign currency cash notes deposit from any illegal sources shall not be used to credit and/or open a foreign currency saving account.
- 9.3 Cannot be withdrawn in foreign currency except stated under Article 8 b.
- 9.4 Over drawing of the account is prohibited

Article 10

Obligations of the Opening bank

The opening bank has the following obligations:-

- a) It shall be responsible for maintaining confidentiality of the account of the depositor.
- b) Report the number of accounts opened and the balance in the account every month to Foreign Exchange Monitoring and Reserve Management Directorate and External Economy and International Relations Directorate of the National Bank within 10 days after the end of each month.

Article 11

Exemption to the Opening bank

The foreign currency credited in foreign currency saving accounts shall not count towards the 30% surrender requirement set under Directive No. FXD/54/2018.

Article 12

Inspection

National Bank of Ethiopia may undertake inspection of any opening bank at any time to verify the opening bank complies with the provisions of these Directives.

Article 13

Penalties

- 12.1 Any bank that violates any of the provisions of these Directives shall be subject to a penalty of Birr 10,000 (ten thousand) for each violation in accordance with the Licensing and Supervision of Banking Business Directives No. SBB/35/2004.”
- 12.2 Where an account holder violates the provisions of these Directives, the opening bank may suspend the account and immediately report the case to NBE.
- 12.3 Any person who fails to comply with a provisions of this directives shall be punished in accordance with article 26(1)of the National Bank of Ethiopia Establishment(as amended) Proclamation umber 591/2008.

Article 20

Effective Date

These Directives shall enter into force as of **November 19, 2020**.