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NATIONAL BANK OF ETHIOPIA

International Remittance Service
(As Amended)

Directive No. 612/2021

WHEREAS, it is necessary to improve the operations of 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, it is deemed to be necessary to set conducive and transparent legal framework to facilitate in-flow of the remittance;

NOW, THEREFORE, pursuant to the authority vested on it by Article 23(3) and Article 27(2) of the National Bank of Ethiopia Establishment Proclamation No. 591/2008, the National Bank of Ethiopia (herein after the “NBE”) has issued this Directive.

1. Short Title

This Directive may be cited as “International Remittance Service Directive No. **612/2021**”.

2. Definition

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

- 1) “**bank**” means company licensed by the National Bank of Ethiopia to undertake banking business and a bank owned by the Government;
- 2) “**Remittance Service**” shall mean a service that enables customers to send and/or receive fund transfers;
- 3) “**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 Representative;

- 4) **“Bank Identifier Code (BIC)”** shall mean a unique address which, in a telecommunication message, identifies the financial institutions;
- 5) **“International Bank Account Numbers (IBANs)”** Shall mean a code that uniquely identifies an account held in correspondent banks;
- 6) **“Exclusivity condition”** shall mean a condition where IRSP allows its Representatives to offer its remittance service only on condition that they do not offer any other remittance service;
- 7) **“Pay point”** shall mean location such as bank branch, post office, where remittance services are provided.
- 8) **“Representative”** shall mean a bank or Ethiopian Postal Service and any other financial institution to be determined by the National Bank of Ethiopia.
- 9) **“NBE”** shall mean the National Bank of Ethiopia.

3. Scope of the Directive

This Directive shall be applicable to Inward International Remittance Services only, where funds transferred to The Federal Democratic Republic of Ethiopia from foreign countries.

4. Eligibility to Provide International Remittance Services

- 1) Only a bank and Ethiopian Postal Service are eligible to provide remittance service in association with International Remittance Service Provider.
- 2) Ethiopian Postal Service is eligible to provide remittance service by making use of correspondent account of a bank. To this effect, Ethiopian Postal Service shall furnish NBE with a draft tripartite remittance service contract for approval.

5. Obligations of Representative

In addition to other obligations provided under this Directive, a Representative shall have the following obligations in providing international remittance service.

- 1) A Representative may provide its service from one or more locations and all the locations shall be notified before hand to the NBE.
- 2) A Representative shall open work units to facilitate the service and provide payment within 24 hours to the beneficiary.
- 3) Any Representative shall efficiently use SWIFT system to provide Remittance Transfer Services.
- 4) A Representative shall undertake customer identification and due diligence as defined under Prevention and Suppression of Money Laundering and the Financing of Terrorism laws.
- 5) Any Representative shall be fully liable for improperly disbursed funds by its Sub-Representatives.
- 6) Any Representative shall be responsible to ensure the terms and conditions of remittance service agreements in conformity with pertinent Laws of The Federal Democratic Republic of Ethiopia.
- 7) A Representative shall get prior approval from NBE before entering into Representative agreement with IRSP.

6. Remittance Service Representation Agreement

- 1) Representatives shall make remittance service contract agreement only with licensed International Remittance Service Providers.
- 2) A Representative shall gather sufficient information about the Remittance Service Providers to understand fully the nature of their business and to determine from publicly available information, the reputation of IRSP and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action.
- 3) Contractual agreement between Representative and Remittance Service Provider shall not be for more than four years provided that a Representative is responsible in following-up the validity of Remittance Service Provider's license within the contract period.
- 4) For Remittance Service Provider operating in less than 50 countries, a representative shall use the sample template agreement annexed with his Directive.

- 5) Any intended alteration in provisions of remittance contract, within a validity period, should be notified to the NBE for approval at least ten days before the alteration or amendment takes place.
- 6) Exclusive conditions may not be included in the Remittance Service Agreement.
- 7) Representative and IRSP shall incorporate in their agreement appropriate procedure for the prevention of money laundering and terrorist financing activities.
- 8) The Remittance Service Agreement can be renewed upon receipt of consent from the NBE.

7. Application

To provide remittance service, a Representative shall submit the following documents to NBE;

- 1) Application letter to provide International Remittance Service;
- 2) Copy of Remittance Service Provider's valid business license and document which is authenticated by Ethiopian Embassies abroad or other pertinent organizations;
- 3) A copy of the draft Contract which governs the business relation between the representative and the Remittance Service Providers;
- 4) The address of each Pay Point in Ethiopia;
- 5) A document showing the intention to prevent money laundering activities in accordance with the Prevention and Suppression of Money Laundering and the Financing of Terrorism Law; and
- 6) For the purpose of Article 9(2) of this Directive, valid evidence which shows the IRSP is operating remittance services in 50(fifty) or more countries.

8. Prohibition

- 1) Representative may not provide remittance service without having a valid remittance service contract approved by NBE.
- 2) International Remittance Service Providers is not allowed to assign its employee as liaison officer or interpreter at the premises of representative or pay point.
- 3) Remittance Service Agreement may not be subject to exclusivity conditions.

9. **Settlement of Account**

- 1) The Representative shall effect payment to the beneficiary when the IRSP credited sufficient amount of foreign currency in advance to its correspondent account.
- 2) Notwithstanding, sub-article 1 of this Article, settlement between a Representative and International Remittance service provider may be made within 24 hours when the latter submit a valid evidence confirming the operation of remittance services in 50(fifty) or more countries.
- 3) Under sub-article 2 of this Directive, if settlement is not effected within 24 hours without good cause, a Representative stop next day payment and report the matter with explanation to NBE.
- 4) The beneficiary to be paid in Birr at prevailing exchange rate.
- 5) A Representative shall charge zero or minimum fee on remittance transfer services and shall disclose same including any change thereof to NBE. The fee in any case cannot exceed 1% of the transferred money.

10. **Transparency**

Remittance services Providers should provide a transparent service to their customers. To this end, Representative shall clearly disclose and/or post:

- 1) The terms and all applicable fees and charges.
- 2) A Representative Identifier Code (BICs) and International Representative Account Numbers (IBANs) in their correspondent banks, only for a bank.

11. **Promotion of Remittance Service**

Representative shall advertise its remittance services, BICs and IBANs through Brochures, Websites and Ethiopian embassies, consulates abroad and through other similar means.

12. **Keeping Records**

Representative shall keep complete records and registers of all remittance service transactions and shall produce such books to NBE upon written request.

13. Report

- 1) Representatives are obliged to submit to the NBE a monthly report in the format attached this Directive and any format prescribed by NBE from time to time. The Monthly reports shall be submitted to NBE within two weeks after the end of each calendar month.
- 2) Notwithstanding sub-article 1 of this Directive, NBE may request Representatives to submit periodically, or at any time any information.

14. Inspection

- 1) The NBE may conduct inspection at any time at the Pay Points from where the Representative provides money transfer services.
- 2) Notwithstanding Sub-Article 1 of this Directive, NBE may inspect the representatives or any of its authorized agents without prior notice, if NBE reasonably believes that the Representative or its sub-representative is contravening the provision of this Directive.

15. Penalty

Whosoever contravenes any provisions of this directive shall be subject to penalties in accordance with the National Bank of Ethiopia Establishment(as Amended) Proclamation No. 591/2008.

16. Repealed Directive

Directive No. FXD/30/2006 is hereby repealed and replaced by this Directive.

17. Effective Date

This Directive shall enter into force as of the _____ day of -----2018.

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