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NATIONAL BANK OF ETHIOPIA
አዲስ አበባ / ADDIS ABABA

International Remittance Service
(As Amended)
Directive No. FXD/74/2021

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 necessary to set conducive and transparent legal framework to facilitate in-flow of the remittance;

WHEREAS, it is necessary to use the infrastructures and innovative payment mechanisms of payment instrument issuers for the reliable, safe and convenient international remittance services as well as to improve foreign currency generation through international remittance;

WHEREAS, payment instrument issuers are allowed to engage in international inward remittance services under "Licensing and Authorization of Payment Instrument Issuers Directive";

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

1. **Short Title**

This Directive may be cited as "International Remittance Service (as Amended) Directive No. FXD/74/2021".

2. **Definition**

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

- 1) "**Application Programing Interface (API)**" means the interface between International Remittance Service Provider's system and Representative's system for the purpose of providing international remittance service.
- 2) "**Bank**" means company licensed by the of Ethiopia to undertake banking business and a bank owned by the Government;

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- 3) **“Bank Identifier Code (BIC)”** means a unique address which, in a telecommunication message, identifies the bank;
- 4) **“Exclusivity condition”** means a condition where IRSP allows its Representatives to offer its remittance service only on condition that they do not offer any other remittance service;
- 5) **“Inter Bank Account Numbers (IBANs)”** means a code that uniquely identifies an account held in correspondent banks;
- 6) **“International Remittance Service Provider (IRSP)”** means a business organization licensed internationally or in jurisdiction country where it mainly operates and regulated that provides money-transferring services in association with Representative(s);
- 7) **“National Bank”** means the National Bank of Ethiopia
- 8) **“Payment Instrument Issuer”** means a person licensed by the National Bank to issue payment instruments against receipt of funds in Ethiopian Birr as per “Licensing and Authorization of Payment Instrument Issuers Directive”.
- 9) **“Pay Point”** means location such as bank branch, post office, payment instrument issuer agent, where remittance services are provided.
- 10) **“Person”** means any Natural or Judicial Person
- 11) **“Remittance Service”** means a service that enables customers to send and/or receive fund transfers;
- 12) **“Representative”** means a bank, Ethiopian Postal Service, payment instrument issuer or any other financial institution to be determined by the National Bank of Ethiopia.
- 13) **“Sub representative”** means a person who is engaged by a representative of a money transfer service

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, Ethiopian Postal Service and payment instrument issuer are eligible to provide remittance service in association with International Remittance Service Provider.
- 2) Ethiopian Postal Service and payment instrument issuer are eligible to provide remittance service by making use of a correspondent account of a bank. To this effect, Ethiopian Postal Service and payment instrument issuer shall furnish to the National Bank 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 beforehand to the National Bank.
- 2) A Representative shall open work units to facilitate the service and provide payment within one business day to the beneficiary.
- 3) Any Representative shall efficiently use SWIFT system to provide Remittance Transfer Services.
- 4) A Representative may use API (system) integration with International Remittance Service Provider only for international service,
- 5) A Representative shall undertake customer identification and due diligence as defined under Prevention and Suppression of Money Laundering and the Financing of Terrorism laws and Directives.
- 6) Any Representative shall be fully liable for improperly disbursed funds by its Sub-Representatives.
- 7) Any Representative shall be responsible to ensure the terms and conditions of remittance service agreements in conformity with pertinent Laws and Directives of The Federal Democratic Republic of Ethiopia.
- 8) A Representative shall get prior approval from National Bank before entering into Representative agreement with IRSP.

6. Requirements In Dealing With International Money Transfer Service Providers

6.1 The agency agreement a bank enters with an International Money Transfer Service Provider shall clearly stipulate, the following minimum terms and conditions. To this end, a money transfer service provider:

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- 6.1.1 shall not have local presence/operational offices including staff in Ethiopia providing money exchange service illegally;
- 6.1.2 shall generate foreign currency inflow to the country through the formal channel in adequate manner;
- 6.1.3 shall fully abide by and perform in line with the terms and conditions specified in the agreement; and
- 6.1.4 shall not engage in any other activity detrimental to the smooth execution of the agreement entered with.

6.2 A Representative shall assess and conduct regular due diligence on a money transfer organization to which it entered agreement with in a comprehensive and continuous manner focusing on its compliance and adherence to the agreement prepared on the basis of the aforementioned and shall immediately report any identified misconducts to the National Bank .

7 Remittance Service Representation Agreement

- 1) A Representative 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 International 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 International 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, shall be notified to the National Bank for approval at least ten days before the alteration or amendment takes place.



- 6) Exclusive conditions may not be included in the International Remittance Service Agreement.
- 7) Representative and International Remittance Service Provider shall incorporate in their agreement appropriate procedure for the prevention of money laundering and terrorist financing activities.
- 8) The International Remittance Service Agreement can be renewed upon receipt of consent from the National Bank.

8 Application

To provide international remittance service, a Representative shall submit the following documents to National Bank;

- 1) application letter to provide International Remittance Service;
- 2) copy of International 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 International 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 Laws and Directives; and
- 6) for the purpose of Article 10(2) of this Directive, valid evidence which shows the IRSP is operating international remittance services in 50(fifty) or more countries.

9 Prohibition

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



10 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 Article 10 of this directive, settlement between a Representative and International Remittance service provider may be made within one business day 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 article 10 of this Directive, if settlement is not effected within one business day without good cause, a Representative stop next day payment and report the matter with explanation to National Bank.
- 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 National Bank.

11 Transparency

International Remittance services Providers shall 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) Bank Code (BICs) and International Bank Account Numbers (IBANs) in their correspondent banks, only for a bank.

12 Promotion of Remittance Service

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

13 Keeping Records

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



14 Report

- 1) Representatives shall submit to the National Bank a monthly report in the format attached with this Directive and any format prescribed by National Bank from time to time. The Monthly reports shall be submitted to National Bank within 5 working days after the end of each month.
- 2) Notwithstanding sub-article 1 of Article 14 of this Directive, National Bank may require a Representatives to periodically submit additional information to National Bank .

15 Inspection

- 1) The National Bank may conduct inspection at any time at the Pay Points from where the Representative provides international money transfer services.
- 2) Notwithstanding Sub-Article 1 of Article 15 of this Directive, National Bank may inspect Representatives or any of its authorized agents without prior notice.

16 Penalty

Any person whoever contravenes any provisions of this Directive shall be subject to penalties in accordance with the National Bank Establishment (as Amended) Proclamation No. 591/2008.

17 Repealed Directive

Directive No. FXD/58/2018 shall be repealed and replaced by this Directive.

18 Effective Date

This Directive shall enter into force as of October 1st, 2021.



[Handwritten Signature]
Yinager Dessie (PhD)
Governor