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NATIONAL BANK OF ETHIOPIA

ADDIS ABABA

TELEGRAPHIC ADDRESS
N A T I O N B A N K
TELEX 21020
CODES-USED
PETERSON 3rd & 4th ED.
BENTLEY'S 2nd PHARASE
A. B. C. 6th EDITION

PLEASE ADDRESS ANY REPLY TO
P.O.BOX 5550
ADDIS ABABA

DIRECTIVES TO AUTHORIZE BANKS
TO HOLD ISSUE ACCOUNTS

DIRECTIVE NO. 637/2021

Whereas the Bank is responsible for printing, coining, issuing and administering currency in Ethiopia;

Whereas the Bank does not have branch network in the country to supply, collect and closely monitor the availability of currency notes and coins;

Whereas the Bank intends to authorize licensed banks to be its agents for currency distribution and collection;

Now, therefore, pursuant to the authority vested in it by Article 5(1) and 27(2) of the National Bank of Ethiopia Establishment (as amended) Proclamation No. 591/2008, the National Bank of Ethiopia, has hereby issued these directives as follows.

Article 1
Definition

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

1.1 The “ **National Bank**” means the National Bank of Ethiopia;

- 1.2 **“Agent”** means any licensed bank designated by the Bank as issue account holding bank and authorized to distribute and collect currency notes & coins on behalf of the National Bank of Ethiopia;
- 1.3 **“Issue Account”** means an account opened and kept by the agent to record the movement of the National Bank of Ethiopia currency.

Article 2 Eligibility

Banks licensed by the National Bank in line with Proclamation Number 592/2008 and interested to provide agency service to the National Bank may open and operate issue account at any of their branches subject to fulfillment of requirements set under article 3 hereunder.

Article 3 Requirements for Agency

- 3.1 Any bank that wishes to be an agent:-
- a) shall submit an application to the National Bank of Ethiopia;
 - b) shall enter into an agency agreement with the National Bank;
 - c) shall have separate vault space to keep the National Bank’s currency segregated from all other cash holding in its branch selected to provide the agency service enough to keep currency notes and coins that satisfy the demand of banks in designated area assigned by the National Bank to obtain cash withdrawals and lodgments.
 - d) shall assign adequate number of staff to the satisfaction of the National Bank that enables it to provide the agency services;
 - e) shall have reliable security system to safeguard the currency under its custody;
 - f) shall have physical risk mitigation instruments or equipments to protect currency notes from damages due to fire, flood or burglar; and

- g) Shall fully secure the currencies of the National Bank in its custody by Treasury bills, Federal Government bonds, National Bank of Ethiopia bills or any other cash collateral acceptable to the Bank.
- 3.2 The requirements set under article 3.1 herein above shall not apply on banks which entered into agency agreement with the National Bank before the effective date of these directives.
- 3.3 In a given city or town, the National Bank may have one or more agents depending on the need for currency distribution and collection services.
- 3.4 The agent shall operate issue accounts only through its branches authorized by the National Bank.

Article 4
Rights, Duties and Responsibilities

Rights, duties and responsibilities of the National Bank and its agent shall be determined by agency agreement to be signed between the two parties.

Article 5
Monitoring and Reporting

- 5.1 The Bank shall monitor the performance of agent banks with respect to agency agreement through reporting system to be determined in the agency agreement.
- 5.2 The bank may inspect the agent on site any time.

Article 6
Effective Date

This Directive shall enter into force on the 1st day of November 2011.