

Foreign Currency Accounts for Foreign Entities

Description

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The National Bank of Ethiopia enacted a directive namely “The Foreign Exchange Directive No. FXD/01/2024” effective as of July 29/2024. The Directive allows foreign direct investment companies, international organizations, Embassies and foreign Charitable Organizations to open, operate both foreign currency account as well as birr account and additional types of accounts may be permitted from time to time. Not only for the above entities but also for members and employees under these entities, opening, operating of foreign currency accounts are allowed. Authorized Banks may open and maintain Non-Resident Foreign Currency Accounts in the name of the above entities and their employees.

As a result, all funds credited to these Non-Resident Foreign Currency Accounts may be transferred without the necessity of obtaining National Bank’s Permit or approval. Foreign Currency Accounts can be maintained at more than one bank. However, overdrawing of transferable accounts is prohibited. Foreign currency accounts can be opened in any tradable currencies acceptable by NBE.

Foreign Companies (FDI) need to present an application letter, foreign investment license, TIN Certificate, NBE approval letter and other requirements as requested by the opening bank. International Organizations, Embassies and foreign charitable organizations have to present an application letter, supporting letter from pertinent authority, other requirements requested by other relevant laws and the opening bank. For members or employees of the foreign entities, the documents needed are an application letter to open a Foreign Currency or Birr account in the name of persons employed or working under the entity and supporting letter issued by the appropriate organization certifying that the applicant is an official member of the organization with a passport or its equivalent.

Non-Resident Foreign currency accounts can be credited with the following items a. Foreign exchange incoming from abroad; b. Payments from residents of Ethiopia effected under specific authorization of National Bank; and c. Payments from other Non-Resident foreign currency Accounts.

As stated at the beginning, Foreign Entities qualified to open foreign currency accounts are also permitted to open Birr accounts at any bank of their choice. Holders of foreign currency Accounts for Foreign Companies, International Organizations, Embassies and Foreign NGOs may use the account for all foreign payments without any restriction.

Treatment of existing Non-Resident Transferable Birr Accounts (NR-T Birr Accounts) and Non-Resident Non-transferable Birr Accounts (NR-NT Birr Accounts) shall no longer be offered by banks following the enactment of this Directive. Existing NR-T Birr Accounts and NR-NT Birr Accounts already in place as of the effective date of this Directive shall be guided by the previous utilization rules applicable on such accounts. Existing NR-T and NR-NT Accounts shall no longer be credited with new inflows following the date of this Directive and shall be closed upon the full usage of any balances.

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