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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

CASH WITHDRAWAL LIMIT DIRECTIVE NO. FIS/03/2020

WHEREAS, promoting use of non-cash payment instruments and ensuring safety and efficiency of the payment system are of utmost necessity;

WHEREAS, it has been found important to mitigate the risk of robbery, fraud, money laundering, tax evasion, illicit activities including smuggling, counterfeiting and other criminal activities which are illegal and immoral;

WHEREAS, increased use of non-cash payment instruments minimizes liquidity risk and helps to ensure soundness of the financial system;

WHEREAS, it is necessary to minimize the huge cost related to printing, processing and handling of physical cash;

NOW, THEREFORE, in accordance with sub-article 4(2(d4)) and 37(2) of the National Payment System Proclamation No. 718/2011, and sub-article 5(15) and 27(2) of the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008, the National Bank of Ethiopia has issued this Directive as follows.

1. Short Title

This Directive may be cited as **"Cash Withdrawal Limit Directive No. FIS/03/2020"**

2. Definitions

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For the purpose of this Directive:

1) "**account to account transfer**" means a non-cash payment or fund transfer made among accounts within the same financial institution or in different financial institutions;

2) "**cash withdrawal limit**" means a cash withdrawal limit imposed on deposit accounts, proceeds of loans and/or encashment of cheque by customers;

3) "**cashier payment order**" means a paper based payment instrument issued in the name of a recipient or beneficiary by a financial institution on behalf of a payer;

4) "**cheque**" shall have the meaning ascribed to it under the Ethiopian Commercial Code;

5) **"chief executive officer"** of a financial institution means a person by whatever title that person may be referred to, who is primarily responsible for a day to day management of the affairs of a financial institution;

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6) **"customer"** means any person such as an individual, a company or a government entity that withdraws cash from or undertakes encashment of cheque in a financial institution;

7) **"deposit accounts"** means saving, time deposit or any other account maintained by a financial institution in which a customer can deposit and withdraw money in cash or other electronic means;

8) "**financial institution**" means a bank or a microfinance institution licensed by the National Bank;

9) "**Issue Account Holding Branch**" means a bank branch designated by the National Bank to engage in the distribution and collection of currency to and from bank branches, respectively, on its behalf;

10) "**National Bank**" means the National Bank of Ethiopia;

11) "**non-cash payment instruments**" means cheques, cashier payment orders, electronic and account to account transfers;

12) "**person**" means any natural or juridical person;

13) **"proceeds of loans"** means the amount of money to be disbursed by a financial institution to a borrower pursuant to loans or any advance agreement made with the borrower.

3. Scope of the Directive

This Directive shall apply to transactions involving cash withdrawals or encashment of cheques made by customers of a financial institution.

4. Requirements

1) A financial institution shall put in place policies and procedures that address issues including deployment of diversified non-cash based payment services, encouraging the public to use non-cash based payment though adoption of various strategies and incentives, undertaking of awareness of digital financial services and ensuring of compliance with this Directive, among others.

2) The maximum cash withdrawal limit in a single financial institution by a person shall be:

   a) Ethiopian Birr 200,000.00 (two hundred thousand Birr) per day and Ethiopian Birr 1,000,000.00 (one million Birr) per month for a natural person; and

   b) Ethiopian Birr 300,000.00 (three hundred thousand Birr) per day and Ethiopian Birr 2, 500,000.00 (two million five hundred thousand Birr) per month for a juridical person.

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3) A financial institution shall not effect cash withdrawal transactions above the limit in 4(2) above for any customers.

4) For the purpose of ensuring compliance with this Directive, cash withdrawal transactions or encashment of cheques made by a customer in different branches of a financial institution from one or more deposit accounts in a day or month shall be aggregated and compared with the limit.

5) The National Bank may conduct examination on the systems and records of a financial institution to ensure compliance with this Directive.

5. Cash Withdrawal Limits to be Exceptionally Approved by Financial Institutions

1) Notwithstanding sub-article 4(2) above, a financial institution may exceptionally approve cash withdrawal in excess of the limit in 4(2) for customers based on proper review of evidence supporting the request submitted by a customer.

2) A financial institution shall use criteria approved by the National Bank to exceptionally approve cash withdrawals in excess of the limit in line with 5(1) above.

3) The decision for approving cash withdrawals in excess of the limit in line with sub-article 5(1) stated above shall be made by the Chief Executive Officer of a financial institution.

6. Suspension of the Directive

In the event that a financial institution is unable to implement and comply with this Directive due to force majeure including system blackout and disruption or other acceptable compelling reasons, the National Bank may temporarily suspend and withhold implementation of the Directive.

7. Submission of Weekly Reports to the National Bank

For the purpose of determining strict compliance with cash withdrawal limits, a financial institution shall submit to Banking Supervision, Microfinance Institutions Supervision or Payment and Settlement System (for payment system related issues) Directorates of the National Bank, as the case may be, a weekly report (**Annex**) showing the details of cash withdrawals approved by a financial institution in excess of the limits in line with Article 5 hereinabove, no later than Tuesday of the following week.

8. Penalty

A financial institution that violates the cash withdrawal limit of this Directive shall be fined with a penalty of twenty five percent (25%) of the cash withdrawal value exceeding the limit.

9. **Exemptions**

This Directive shall not apply to cash withdrawals made within a financial institution or between financial institutions and an Issue Account Holding Branch.

9. **Effective Date**

This Directive shall enter into force as of the **19th day of May 2020**.

Yinager Dessie (PhD)
Governor

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Annex

Report on Exceptionally Approved Cash Withdrawal Transactions by Banks

For the Week Ended _____ 20___
Financial Institution: _____

Nos.	Branch	Name of Customer	Cash Withdrawal			Remarks
			Date	Amount	Reason	
Bank Sub Total				XXXXXX		
Total				XXXXXXXXXX		

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