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NATIONAL BANK OF ETHIOPIA

OVERSIGHT OF THE NATIONAL PAYMENT SYSTEM
LICENSING AND AUTHORIZATION OF PAYMENT INSTRUMENT
ISSUER (AMENDMENT) DIRECTIVE NO. ONPS/10/2025

WHEREAS, it has become necessary to amend the Licensing and Authorization of Payment Instrument Issuer Directive No. ONPS/09/2023 to enhance the efficiency, reliability, safety, and inclusiveness of the digital payment ecosystem;

WHEREAS, it is necessary to promote interoperability and broader adoption of instant payments and deepening digital payments to promote financial inclusion and the digital economy across the country;

WHEREAS it is necessary to provide an enabling regulatory framework that promotes fair competition, ensures consumer protection and the integrity of electronic money transactions;

NOW, THEREFORE, in accordance with Article 4(2), 6(4 and 16), 19(3) and 44(2) of the National Payment Systems Proclamation No. 718 (as amended by Proclamation No. 1282/2023), the National Bank of Ethiopia has issued this Directive.

1. Short Title

This Directive may be cited as “Licensing and Authorization of Payment Instrument Issuer (Amendment) Directive No ONPS/10/2025

2. Amendment

Licensing and Authorization of Payment Instrument Issuer Directive No. ONPS/09/2023 is hereby amended as follows:

1. “The following sub-articles (33), (34), (35), (36), and (37) are added after sub-article (32) of Article 2, and sub-article (33) is renumbered as sub-article 38.”

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“33 **“two-factor authentication”** means a two-layer payment authentication process by which the user confirms the transaction by using two different security verification methods, including but not limited to Personal Identification Number (PIN), system generated One Time Password (OTP), biometric, etc.

“34) **“direct Shareholding”** means shareholding in a licensed payment instrument issuer by a person directly on his own name, or jointly with his spouse, or with a person who has not attained the age of legal majority related to him by the first degree.

35) **“indirect Shareholding”** means shareholding in a licensed payment instrument issuer through an entity owned by a direct shareholding with fifty one or more percent ownership in the entity or a chief executive officer or a director of an entity owned by a direct shareholding.

“36) **“instant payment system”** means a real-time low-value payment system other than an Automated Clearing House(ACH) owned operated by the national switch that allows financial institutions to transfer funds instantaneously across all financial service providers, payment instruments (other than cheques), and payment channels at any time.

37) **“interoperability”** means the technical or legal compatibility that enables a payment instrument issuer’s system or service to be used in conjunction with other payment instrument issuers’ systems or services.

2. “The following paragraphs (Vii) and (Viii) are added after sub-paragraph 4(b/vi) of Article 4.”

“(vii) no person other than a government, a telecom operator, a payment instrument issuer, or a payment system operator shall hold more than

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40% (forty percent) of the total subscribed shares of a licensed payment instrument issuer.

(viii) notwithstanding sub article 4(b/Vii) here above, a maximum limit on aggregate direct and indirect shareholding by a person shall not exceed 60% (sixty percent) of the total subscribed capital of the licensed payment instrument issuer.”

3. “Sub-article 5 of Article 4 is deleted and replaced by the following sub-article.”

5) A minimum paid-up capital of Birr 100 Million (One Hundred Million birr) or its equivalent in acceptable foreign currency shall be contributed in cash, and the amount shall be deposited in a blocked account with a bank in the name of the payment instrument issuer under formation.

4. “Sub-paragraphs 6(b) &(d) of Article 5 are deleted and replaced by the following sub-paragraphs.”

b) a chief executive officer shall have a minimum of 7 (seven) years of work experience, of which 3 (three) years shall be in a managerial position, including at the departmental level or equivalent.

d) a senior executive officer of the government-owned enterprise licensed to be a payment instrument issuer shall have a minimum of 7 (seven) years of work experience, of which 3 (three) years shall be in a managerial position, including at the departmental level or equivalent.

5. “Sub-article 4 of Article 7 is deleted and replaced by the following sub-article.”


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- 4) To ensure maximum protection on transactions related to electronic money accounts and promote innovative payment service, all transactions greater than Birr 5,000 (five thousand birr) shall have two-factor authentication.
6. "Sub-paragraphs 1(b) and (c) of Article 8 are deleted and replaced by the following sub-paragraphs."
- b. Level 2 accounts shall be subject to a maximum daily electronic account balance of Birr 150,000 (one hundred fifty thousand Birr) and an aggregate daily transaction limit of Birr 300,000 (three hundred thousand Birr), including person-to-person payments.
- c. notwithstanding with sub articles 1(a) and (b) hereinabove the National Bank may, up on a written request from a payment instrument issuer, grant exceptional authorization for a payment instrument issuer to exceed the aggregate daily transaction limit for international inward remittances, utility payments, bulk payments, payments for government services including taxes, fuel payments at the gas station and payments for an airline ticket purchases.
7. "The following sub-paragraphs (d) and (e) are added after sub-paragraph 1(c) of Article 8, and sub-paragraph 1(d) of Article 8 is renumbered as sub-paragraph 1(f)."
- d) Notwithstanding sub-articles 1(b) and (c) of Article 8, a Level 2 account shall be subject to a maximum daily person-to-person transfer limit of Birr 75,000 (seventy-five thousand birr).
- e) a daily payment from a person to a merchant via electronic account, including mobile banking through the standardized Ethiopian QR code payment system, shall not exceed Birr 250,000 (two hundred fifty thousand birr).



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8. “The following sub-articles (12), (13), (14), (15), (16) and (17) are added after sub-article 11 of Article 15.”

12) A payment instrument issuer shall enable its user to send and receive electronic money to and from other payment instrument issuers (wallet-to-wallet interoperability) through the national switch or other licensed switch operator.

13) A financial institution that issues Quick Response (QR) payment codes shall issue the payment QR code as per the Ethiopian Interoperable Payment QR code standard, and a financial institution shall ensure that its QR code payment is interoperable through the National Switch at all times.

14) To increase efficiency and promote financial inclusion across the country, all financial institutions that provide payment and digital financial services shall participate in the instant payment system operated by the national switch.

15) A payment instrument issuer shall not enable its payment service to be interoperable with another payment instrument issuer without utilizing the national switch or another licensed switch operator.

16) A financial institution that provides bank-to-electronic money (wallet) and vice versa fund transfer services shall put in place a comprehensive risk management framework, which must include i) two-factor authentication, ii) real-time KYC validation, including the full name of the fund recipient, iii) identity visibility that enables the user to verify the recipient, and iv) a risk-based transaction limit.

A handwritten signature in black ink, appearing to be a stylized 'N' followed by a flourish.

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17) A payment instrument issuer shall conduct a system security audit by the relevant government authority every 6 (six) months and submit the audit results to the National Bank.”

9. Article 17 of the directive is deleted and replaced by the following new article 17.”

17. Transitory Provision

- 1) Notwithstanding Article 4(5) of this Directive, an existing licensed payment instrument issuer whose paid – up capital is below Birr 100 million (one hundred million Birr) shall raise its paid-up capital to the said amount by the end of June 2027
- 2) A payment instrument issuer in the licensing process that holds subscribers' meetings shall fulfil the paid – up capital requirement and shareholding structures stated in Articles 4(5) and 4(4/b/vii&Viii) of this Directive (as amended) within 2 (two) years after the license is granted.
- 3) A payment instrument issuer shall comply with all requirements of this Directive (as amended), other than the capital requirement and shareholding structure, within 6 (six) months after this Directive enters into effect.

3. Effective Date

This Directive shall enter into force 12th day of May 2025

Mamo Esmelealem Mihretu
Governor

