

PRESS RELEASE

CBUAE and NBE sign currency swap agreement and MoUs to promote the use of domestic currencies and interlink their payment and messaging systems

Abu Dhabi (16 July 2024): His Excellency Khaled Mohamed Balama, Governor of the Central Bank of the UAE (CBUAE), and His Excellency Mamo E. Mihretu, Governor of the National Bank of Ethiopia (NBE), have signed a bilateral currency swap agreement for the UAE Dirham and Ethiopian Birr. The two parties also entered into two Memorandum of Understanding (MoU) to establish a framework for the use of local currencies in settling cross-border transactions and for linking their payment and messaging systems.

The agreement allows the CBUAE and the NBE to swap local currencies with a nominal value of up to AED 3 billion and ETB 46 billion. This supports the financial and commercial cooperation between the UAE and Ethiopia through the provision of liquidity in local currencies to financial markets, enabling more effective and efficient settlement of cross-border transactions.

Under the first MoU, the CBUAE and the NBE will consolidate efforts to promote the use of their respective currencies in settling transactions between the UAE and Ethiopia. The MoU covers several measures that will aim to facilitate the use of the two countries' local currencies in the settlement of commercial transactions. It also encourages financial and banking cooperation through knowledge-sharing, ultimately supporting the development of their respective financial markets whilst facilitating bilateral trade and bolstering direct investment.

Both parties will cooperate under the second MoU in the areas of payment platform services and electronic switches, by interlinking their instant payment systems, national card switches UAESWITCH and ETHSWITCH, and messaging systems in accordance with the regulatory requirements of each country, in addition to the cooperation in the field of financial technology and central bank digital currencies.

His Excellency Khaled Mohamed Balama, Governor of the CBUAE, said: "The bilateral currency swap agreement and the MoUs signed today reflect the robust economic cooperation between the UAE and Ethiopia, specifically in the areas of trade and investment. Swapping the currencies of the two countries and utilising local currencies to settle cross-border transactions and enhancing the cooperation in interlinking instant payment systems, electronic switches and messaging systems will enhance economic, trade, and investment prospects. This initiative will also pave the way for more joint business opportunities in the financial and banking sectors. We look forward to working closely with our partners in Ethiopia to enhance financial stability and achieve our mutual interests."

His Excellency Mamo E. Mihretu, Governor of the NBE, said: "UAE is one of Ethiopia's largest trading partners as well as a significant source of foreign investment and development finance. The currency swap arrangement provides an important funding opportunity for Ethiopia and also helps diversify the range of currencies at its disposal to facilitate the growing volume of trade and investment transactions expected over the coming years. Both the bilateral currency swap agreement and the MOUs signed today are a testament to the shared commitment of the two countries to further deepen our already close bilateral partnership, so as to facilitate sustainable development and a prosperous future based on mutual benefits."

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