



የኢትዮጵያ ብሔራዊ ባንክ  
NATIONAL BANK OF ETHIOPIA

## PRESS RELEASE

15 October 2024 | Addis Ababa, Ethiopia

### THE NATIONAL BANK OF ETHIOPIA ANNOUNCES NEW POLICY ON THE TREATMENT OF FX-TRADING RELATED SPREADS AND FEES

The National Bank of Ethiopia has regularly been reviewing the performance of the foreign exchange market since the transition to a new FX regime on July 29, 2024. During this period, NBE has addressed a number of emerging issues and challenges in a constructive manner, based both on consultations with the industry as well as lessons learned from the early experience with the new fx market environment.

In this connection, it is to be recalled that the National Bank previously required that banks include all FX related fees and commissions (except those charges set in nominal terms) in their trading spreads between the buying and selling rate. However, based on lessons gained from experience and inputs received from the banking sector, it has now become important to review the earlier decision regarding the treatment of FX related spreads and fees.

Accordingly, the National Bank has modified the applicable policy on the treatment of fx related spreads and fees and enacted the following changes:

1. The foreign exchange trading spread, namely the difference between a bank's buying and selling rate, shall be separately identified in the bank's fx transactions and in its daily posted rates. In line with international norms, it is expected that this would generally not exceed 2 percent for banks' posted rates. Banks are still free to adjust their buying and selling rates in light of market conditions and based on transparent and principle-based negotiations with specific customers.
2. FX related fees and commissions shall be separately disclosed, reported, and charged to bank clients. To this end, banks are expected to make due reference to international best practices when setting such fees and offer correspondingly competitive fees. Moreover, banks are required to transparently disclose all such fees, commissions, or any other related charges in transactions with their customers. All such fees shall also be reported to the NBE on a regular basis per the usual practice.

The above decisions shall be effective from the date of this Notice and no later than Wednesday, October 16, 2024.