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NATIONAL BANK OF ETHIOPIA

PUBLIC NOTICE

NOTICE ON FX DIRECTIVE AMENDMENT AND RATIONALIZATION OF FEES AND CHARGES ON LETTERS OF CREDIT

25 May 2026 | Addis Ababa, Ethiopia

The National Bank of Ethiopia, as part of its ongoing transition toward a market-based foreign exchange regime, has been implementing a series of carefully sequenced reforms to strengthen the efficiency, transparency, and competitiveness of the foreign exchange market.

Since the introduction of the market-based foreign exchange regime in July 2024, the NBE has continued to advance reforms aimed at establishing a well-functioning foreign exchange system that aligns with international best practices. These efforts have contributed to notable progress in enhancing market operations and supporting foreign exchange market stability.

Despite these improvements, further amendment to the FX Directive has become necessary to relax foreign exchange administration and approval bottlenecks for ease of doing business and thereby strengthen the development of foreign exchange market. In this regard, the articles of FXD/01/2024 are hereby amended as follows:

I. Amendment to FX Directive No. FXD/01/2024

1. Banks are authorized to approve Letters of Credit on acceptance for institutions holding foreign currency accounts, and retention accounts holders, without prior approval of NBE.
2. Banks are authorized to approve Cash Against Documents on acceptance for institutions holding foreign currency accounts, and retention account holders, without prior approval of NBE.
3. Institutions holding foreign currency accounts, including retention account holders, may order or initiate shipment of goods under Cash Against Documents arrangements without prior approval of Banks. Payment processing shall be subject to the submission and verification of the required documents.



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II. Rationalization of Fees and Charges on Letters of Credit

The structure of fees and charges applied by commercial banks on foreign exchange related Letter of Credit (LC) transactions remain inconsistent with prevailing global norms. In view of this, the NBE has undertaken a rationalization of fees and charges on LC arrangements to ensure alignment to international standards.

Accordingly, the National Bank of Ethiopia hereby instructs all banks to implement the following:

1. Fees and charges applicable to Letter of Credit transactions for institutions holding foreign currency accounts, including retention account holders, shall be determined on an annualized basis and applied pro-rata in accordance with the tenor of the respective Letter of Credit.
2. The annualized fee rate applicable to Letter of Credit transactions shall not exceed the maximum limit previously set by the National Bank of Ethiopia.

This measure is intended to ensure that LC-related charges are competitive and consistent with international pricing practices. It is also expected to reduce transaction costs for importers and exporters, enhance the competitiveness of Ethiopia's trade finance environment, and further strengthen the credibility and effectiveness of ongoing foreign exchange reforms.

The National Bank of Ethiopia will continue to monitor developments closely and take additional measures as necessary to support a stable and efficient foreign exchange market.