

**LICENSING AND SUPERVISION OF
BANKING BUSINESS**

Directive No. SBB/15/96

AMENDMENT OF LIQUIDITY REQUIREMENT

1. Issuing Authority

This Directive is issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 41 of the Monetary and Banking Proclamation No. 83/1994 and by

Articles 16, sub-article 1(a) and (b) and 36 of the Licensing and Supervision of Banking

Business Proclamation No. 84/1994.

2. Definition

2.1. For the purpose of liquidity requirement “liquid asset”, in addition to what has been provided for under 16(2) of Proclamation No. 84/1994, include deposits held in O.E.C.D. currencies and payable by banks of OECD countries and in such other currencies as may be approved by the National Bank of Ethiopia as well as securities issued by OECD countries denominated in currencies of such

17

countries with tenures as indicated under article 16 2(b) (3,4 and 5) of Licensing and Supervision of Banking Business Proclamation No.84/1994.

2.2. “Current liabilities” shall mean the sum of demand (current) deposits, savings deposits and time deposits and similar liabilities with less than one month maturity period.

3. Total Requirement

Any licensed bank shall maintain liquid assets of not less than 15% (fifteen percent)

of its total current liabilities.

4. Specific Requirements

For the purpose of meeting the liquidity requirement, each bank shall maintain:

4.1 at least five percent(5%) of the current liabilities in the form of primary reserve assets; and

4.2 ten percent(10%) of the current liabilities in the form of secondary reserve assets.

5. Reports

5.1 Banks shall submit to the Supervision Department of the National Bank of Ethiopia properly certified weekly liquidity positions showing the end-of week balances of each Wednesday not later than Tuesday of the following week.

6. Repeal

Directive No.SBB/5/95 is hereby repealed and replaced by this Directive.

This Directive shall enter into force as of 20th day of November 1996.