

Directive No. SBB/40/2006

AMENDMENT OF BRANCH OPENING

1. Issuing Authority

These Directives are 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 Article 5(4) of the Licensing and Supervision of Banking Business Proclamation No. 84/1994.

2. Definition

For the purpose of this directive the term:

2.1 "The Bank" shall mean National Bank of Ethiopia;

2.2 "Branch" shall mean any place of business at which deposits are received or cheques are paid out or money is lent and other banking business as defined in article 2(2) of Proclamation number 84/1994 is solicited.

3. Requirement

A bank shall obtain prior authorization from the Bank to open a branch office.

A bank planning to open a branch shall submit a duly completed application attached to these directives together with a covering letter to the Bank and shall pay the fee indicated under article 6 of these directives.

A bank authorized to open a branch shall open the said branch and commence operation within 6(six) months from the date of the grant of authorization.

A bank authorized to open a branch shall notify the Bank the date it plans to commence operation in the new branch 15 (fifteen) days before the planned date of commencement of operation.

Before commencing operation a bank authorized to open a branch shall fulfill the following:

Ensure that the bank's relevant policy and procedure manuals, and NBE directives are distributed to appropriate staff members of the branch to be opened;

Ensure that the branch is adequately guarded;

Display in a visible area of the branch working hours, copy of the bank's license and branch authorization;

Ensure that the banking hall and staff operating area are suitable for the type of business to be undertaken in the premises housing the branch including but not limited to:

Proper ventilation and circulation of fresh air;
Suitable and clean sanitary service;

Sufficient and suitable lighting;
Cashiers' Till, access to which is restricted to authorized persons.

Ensure that the branch has appropriate strong room or safe/vault;

Place fire extinguishers in appropriate area;

Have insurance policy at least for the following:
Fire and other perils,
Burglary and theft,
Fidelity,
Cash and valuable in premises and transit,

Ensure that outer doors of the building housing the branch are of heavy duty metal;

Ensure that all windows and glass walls of the building housing the branch are reinforced with metal grills;

Obligation of the Bank

The Bank shall give a written response within five working days from the date of receipt of the application.

5. Scope of Application

5.1 Requirements set under sub-article 3.5 herein above shall be applicable on new branches as well as branches opened before the effective date of these Directives.

5.2 Branches opened before the effective date of these Directives shall fulfill requirements under sub-article 3.5 herein above latest by June 30, 2007.

6. Fee

A bank applying to open a branch shall pay an investigation fee of Birr 500 (Birr five hundred) for each branch.

7. Prohibition

No bank shall relocate its branch without prior notification and approval by the Bank.

8. Repeal

Directives No. SBB/22/1996 are hereby repealed and replaced by these directives.

9. Effective Date

These Directives shall enter into force as of the 8th day of May 2006.