

Directive No. MFI/12/1998

Licensing and Supervision of the Business of Micro-financing Institutions

Amendment of
Interest Rates

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 by Article 12(2) (1) of the Licensing and Supervision of the Business of Micro-financing Institutions Proclamation No. 40/1996.

2. Interest Rates

Deposit Rates

- a) The minimum interest rate paid per annum by Micro-financing Institutions on savings and time deposits shall be 6% (six percent).
- b) The Board of Directors of each Micro-financing Institution may set deposit rate that are higher than the minimum rate specified under 2.1 (a) hereinabove.

Lending Interest Rates

The interest rates to be charged on loans and advances extended by a micro-financing institution shall be determined by the Board of Directors of each micro-financing institution.

3. Reporting Requirement

Each Micro-financing Institution shall promptly report to the National Bank of Ethiopia its deposit and lending interest rates set by its Board of Directors from time to time.