

## Directive No. MFI/13/2002

Licensing and Supervision of the Business of Micro-financing Institutions

Amendment of  
INTEREST RATES

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

### 2. Interest Rates

Deposit Rates

- a) Each micro-finance institution is free to set the interest rate it shall pay on demand deposits;
- b) The minimum interest rate that shall be paid per annum by micro-financing institutions on savings and time deposits shall be 3% (three percent);
- c) The Board of Directors of each micro-financing institution may set deposit rates that are higher than the minimum rate specified under 2.1 (a) herein above.

Lending Interest Rates

The interest rate 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.

### 4. Repeal

Interest rate Directive No. MFI/12/98 is hereby repealed and replaced by this Directive.

### 5. Effective Date

This directive shall be effective as of the 4th day of March 2002.

Teklewold Atnafu  
Governor  
National Bank of Ethiopia