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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

Ref. No: V/Gov/FIS/002/2014

Date: January 09, 2014

All Banks
All Microfinance Institutions
Ethiopia

Subject: Circular No. FIS/01/2014

I. Preface:

With the objective of implementing “Regulation of Mobile and Agent Banking Services Directives No. FIS/01/2012” and clarifying manner of relationship of financial institutions with third parties including **Technology Service Providers (TSPs)**, the following clarifications have been given.


II. Clarification Provision:

1. Financial institutions, for the purpose of provision of mobile and agent banking service, may engage with TSPs in any available modality including acquisition of Technology Platform from TSPs or using Technology Platform of TSPs either through leasing or revenue sharing arrangement (i.e. on fixed transaction based payment, percentage of revenue based payment or in any other related modality);
2. Financial institutions that prefer to engage with TSPs on the basis of leasing or revenue sharing arrangement shall fulfill the following requirements:

2.1 Financial institutions with the objective of owning the mobile and agent banking technology platform/system and related hardware and software infrastructure, shall engage with TSPs only for a predefined and specific time period acceptable to the National Bank. To this end, financial institutions are prohibited to do business with TSPs on the basis of revenue sharing or leasing modality in a perpetual or indefinite manner. Rather, the agreement that they enter with a TSP shall clearly stipulate that the technology platform/system and related hardware and software infrastructure shall be transferred to and fully possessed and owned by financial institutions.

- 2.2 Financial institutions shall be entirely responsible to have access to and manage the database and where applicable datacenter of the mobile and agent banking service. To this end, TSPs shall be completely deprived of access to database and datacenter unless authorized by financial institutions only for specific period and for purposes related to support and maintenance services;
- 2.3 Financial institutions, not TSPs, shall enter into written agreement with Telecom Companies for the provision of mobile and agent banking services;
- 2.4 Data center and related infrastructures which are used for the provision of mobile and agent banking service shall be kept in the premises of financial institutions that they have acquired, leased or have entered special agreements for same purposes.

Sincerely Yours



Getahun Nana
Vice Governor
Financial Institutions Supervision
C.C.

- ☞ H.E The Governor
 - ☞ Bank Supervision Directorate
 - ☞ Microfinance Institutions Supervision Directorate
 - ☞ Payment and Settlement System Directorate
 - ☞ Legal Service Directorate
- National Bank of Ethiopia**