



*The Governor*

**NATIONAL BANK OF RWANDA DIRECTIVE N° 4230 /2020 - 00019[ 613 ]  
OF 30/06/2020 ON THE OVERNIGHT DEPOSIT FACILITY**

Pursuant to Law N° 48/2017 of 23/09/2017 governing the National Bank of Rwanda, especially in Articles 6 and 46;

Having reviewed the National Bank of Rwanda Directive N° 3250/2019 – 00011 [613] of 13/05/2019 on the Overnight Deposit Facility;

Whereas the Central Bank wishes to ensure successful implementation of the price based monetary policy framework by assisting commercial banks to effectively manage liquidity;

The National Bank of Rwanda herein referred to as “Central Bank” decrees:

**CHAPTER ONE: GENERAL PROVISIONS**

**Article One: Definitions**

In this “Directive”, unless the context otherwise requires, the following terms shall mean:

- **Central Bank:** The National Bank of Rwanda;
- **Central Bank Rate (CBR):** The rate set by the Monetary Policy Committee of the National Bank of Rwanda, used to signal its monetary stance
- **ODF:** Overnight Deposit Facility allowing the commercial banks to place excess funds with the Central Bank for remuneration.

**Article 2: Purpose**

This Directive aims at establishing the framework for the Central Bank to declare in use the ODF which allows commercial banks to place excess funds for remuneration.

**Article 3: Scope**

Under this Directive, the Central Bank shall provide the ODF to commercial banks which are under its supervision and subject to reserve requirement.

## **CHAPTER II: APPLICATION REQUIREMENTS AND APPLICABLE TERMS**

### **Article 4: Criteria of eligibility for the ODF**

Any commercial bank, subject to reserve requirement, licensed or governed under the Law N° 47/2017 of 23/09/2017 governing the organization of banking, and regulatory instruments on the date of commencement of this Directive and their amendments shall be eligible to ODF.

### **Article 5: Terms of ODF**

At its discretion, the Central Bank provides ODF and the transaction is settled the same day and repaid the next business day. The ODF rate shall be CBR minus 1% and access to the facility will run on business days from 3:00 PM to 5:00 P.M.

However, commercial banks shall not be granted any waiver as a result of mismanagement of reserve requirement brought about the excessive investment in the ODF.

In addition, commercial banks will not be permitted to use both the ODF and Lending Facilities from the Central bank on the same business day.

### **Article 6: Calculation of interests**

Within the framework of ODF, the Central Bank will pay interests equal to the CBR minus a margin of 1%. The formula to calculate interests will be the **amount requested\* rate\*number of days /364**.

### **Article 7: Deposit Limit**

There will be no limit on the amount a bank can place under this ODF framework. However, it will be in the interest of the commercial banks to ensure that any transfer does not result in their average reserves falling below statutory reserve requirements.

The Central Bank may decide to restrict or close access to this facility depending on the monetary policy stance.

## **CHAPTER III: PROCEDURAL INSTRUCTIONS**

### **Article 8: Application for the ODF**

Upon ODF reopen by the Central Bank, an eligible commercial bank as specified in article 3 and 4 of this Directive shall send a request via Central Securities Depository (CSD) platform. Application must specify the following:

- i. Amount to be transferred into the ODF framework;
- ii. Settlement date and due date.

An applicant shall have its account with National Bank of Rwanda debited by the amount deposited.





### **Article 9: Repayment**

Commercial banks shall have their accounts with the Central Bank credited of the amount deposited plus interest accrued on the ODF by 11:00 A.M. of the following business day.

### **Article 10: Repealing provision**

Any prior provisions contrary to this Directive, and the National Bank of Rwanda Directive N° 3250/2019 – 00011 [613] of 13/05/2019 on the Overnight Deposit Facility, are hereby repealed.

### **Article 11: Commencement**

This Directive shall come into force on the date of its signature.

Done at Kigali, on 30/06/2020

**RWANGOMBWA John**  
**Governor**

