



The Governor

**DIRECTIVE N° 3000 /2022 – 00028 [613] /2022 OF 12/05/2022 ON
THE MINIMUM RESERVE REQUIREMENT**

Pursuant to Law N° 48/2017 of 23/09/2017 governing the National Bank of Rwanda as amended to date especially in its Articles 6, 6bis, 8, 9, 15, 46 and 55;

Pursuant to Law No 47/2017 of 23/09/2017 governing the organization of banking, especially in Articles 3, 55 and 63;

Pursuant to the Regulation N° 2310/2018–00013 [614] of 27/12/2018 of the National Bank of Rwanda on licensing conditions of banks; especially in Article 3;

Having reviewed the National Bank of Rwanda Directive No 01/2012 of 22/05/2012 on Reserve Requirements,

Whereas the Central Bank wishes to ensure successful implementation of the Price Based Monetary Policy framework by assisting participating institutions to manage efficiently their liquidity;

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

CHAPTER ONE: GENERAL PROVISIONS

Article One: Definition of terms

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

1. **Central Bank:** The National Bank of Rwanda (NBR in short)
2. **Participating institution:** A commercial or cooperative bank as defined by the regulation n° 2310/2018–00013 [614] of 27/12/2018 of the National Bank of Rwanda on licensing conditions of banks and any other deposit taking that the Central Bank may subject to reserve requirement;
3. **Minimum Reserve Requirement Ratio:** The proportion of reservable liabilities that a participating institution is obligated to keep at the Central Bank on average in the form of

cash reserves and during the maintenance period. The corresponding amount is called minimum reserve requirement;

4. **Maintenance period:** The length of time during which the Central Bank requires participating institution to maintain a minimum reserve requirement;
5. **Business day:** Official work day of the week, typically from Mondays to Fridays excluding public holidays;

Article 2: Purpose and scope

This Directive aims at establishing the minimum reserve requirement as instrument for monetary policy implementation purpose. It applies to all participating institutions.

Article 3: Determination of the minimum reserve ratio

The minimum reserve requirement ratio is set and communicated to all participating institutions by the Central Bank, at its sole discretion.

Article 4: Computation of the minimum reserve requirement

The minimum reserve requirement is constituted and maintained in the Rwandan franc. It is calculated on the basis of balance sheets reported by the participating institutions as described in Article 5 of this directive and consist of reservable liabilities with initial maturities of less or equal to one year; made of three components denominated in both Rwandan franc and foreign currency:

- 1) Operations with banks and other financial institutions
- 2) Operations with clients
- 3) Financial instruments

The details of the above components are found in the reserve requirement template annexed to this Directive.

Article 5: Reserve requirement maintenance period

The maintenance period is 14 calendar days; that is every two weeks. It shall begin on Thursdays and end on Wednesdays of the second week.

To compute the minimum reserve requirement of the period, participant institution shall use either the balance sheet as of 15th of the month or that of the end of the month; provided that there are at least five business days between the commencement of the maintenance period and the latest balance sheet.

Article 6: Compliance with the minimum reserve requirement

Participating institution shall always keep reserve balances provided that the average of the maintenance period is greater or equal to the minimum reserve requirement. The compliance is

assessed by comparing the periodic average of their reserve balances at the Central Bank with minimum reserve requirement of the period.

The reserve balances are held at a non – interest bearing account with the Central Bank.

Article 7: Sanctions for non-compliance with the minimum reserve requirement

Non-compliance with the minimum reserve requirement is observed when the periodic average of the maintenance period falls below the minimum reserve requirement for the same period. In that case, the breach is notified to the non-complying participant institution and the latter is sanctioned by applying a penalty rate to the periodic shortage. The penalty rate is equal to the refinancing Facility (RF) rate plus 5.0%.

Sanction for RR non-compliance = Periodic shortage * (RF rate +5.0%)* days of the period/364

Article 8: Sanctions in case of incomplete or erroneous reporting of balance sheets

Any deliberate reporting of incomplete or erroneous balance sheets by participant institutions with a view to avoiding or reducing the minimum reserve requirement shall be liable to a pecuniary sanction as provided for in the regulation on administrative sanctions and fines applicable to banks or deposit taking institutions.

Article 9: Repealing provision

The Directive N° 01/2012 of 22/05/2012 on Reserve Requirements and any prior provisions contrary to this Directive are hereby repealed.

Article 10: Commencement

This Directive shall come into force from Thursday June 02, 2022

Done at Kigali, on 13/05/2022.

RWANGOMBWA John
Governor

Annex 1: Reserve requirement template

Bank name	XXX		
Date	XXX		
Reserve Requirement components	Foreign currencies (equivalent in FRW)	Local currency (FRW)	TOTAL
1.Operation with banks and other Financial Institutions			
1.1. Current liabilities			
Due to other financial institutions	F2120110	F2120075, F2120105, F2110135	
Due to other institutions classified as banks and other FI		F2120080	
Postal account		F2120085	
Due to Central banks, banks and other FI abroad		F2120090	
Due to inter-group	F2120415	F2120410	
1.2. Term liabilities			
Other credit accounts	F2120375, F2110120	F2120370, F2110115	
Inter-group operations with parent, subsidiaries and branches at broad	F2120425, F2120435	F2120420, F2120430, F2120450, F2120455, F2120460, F2120465, F2120470	
Sub total 1 (1.1 + 1.2)			
2. Operations with clients			
2.1. Current liabilities			
Demand deposits	F2110025	F2110020	
Other current accounts	F2110015, F2110035, F2110045, F2110140, F2100115, F2100120, F2100130, F2100140, F2100145, F2100155, F2100160, F2100185, F2100195, F2110145	F2110010, F2110030, F2110040, F2110100, F2100100, F2100105, F2100110, F2100150, F2100165, F2100180, F2100190, F2100200, F2100205, F2100210, F2100230, F2100235, F2110105, F2110110	
2.2. Term liabilities			
Saving accounts	F2110055, F2100175	F2110050, F2100170	
Term deposits	F2110065, F2110075	F2110060, F2110070	
Regulatory deposits	F2110095	F2110090	
Collateral deposits	F2110130	F2110125, F2110165, F2110170	
Repurchase agreement with clients	F2110225	F2110220	
Borrowings from Clients	F2110215	F2110210	
Sub total 2 (2.1 + 2.2)			
3. Financial instruments			
Deposit receipts	F2130615	F2130610	
Issued deposit certificates	F2130625	F2130620	
Issued bonds	F2130635	F2130630	
Other debt securities	F2130645, F2130040, F2130140, F2130060, F2130080, F2130160, F2130180, F2130340	F2130640, F2130030, F2130050, F2130070, F2130130, F2130150, F2130170, F2130330	
Sub total 3			
4. Reserve requirement base (sub total 1+2+3)			
5. Reserve Requirement = RR ratio x (4)			

**Seen to be annexed to the Directive N° 3000 /2022 – 00028 [613] /2022 OF
12/05/2022 ON THE MINIMUM RESERVE REQUIREMENT**