Regulatory Alert

National Bank of Rwanda ("BNR") issues a new Directive on the use of foreign currency in Rwanda.

1. Background and Legislative context

Rwanda has long pursued a delicate balance between fostering an investor-friendly environment and safeguarding the primacy of the Rwandan franc ("FRW"). Since Regulation No. 42/2022 on foreign-exchange ("FX") operations was introduced, the National Bank of Rwanda has tightened controls to curb down unofficial dollarisation and preserve monetary stability. The most recent tightening came in May 2025 with Regulation No. 89/2025, which narrowed the entities permitted to invoice or receive payment in foreign currency and prescribed steep monetary penalties for non-compliance.

Although well-intentioned, the May 2025 measures drew immediate concern from foreign investors, particularly in real estate, construction, tourism and education, who warned that rigid restrictions could derail transactions already denominated in hard currency and freeze new capital inflows. Following broad-based consultations with the private sector, multilateral lenders, and civil-society organisations, BNR has now issued a new Directive No.4230/2025-00042 [613] of 17/09/2025 governing Persons Authorised to Transact in Foreign Currencies and the Requirements for Obtaining Authorization (the "Directive"), which will be followed by a Frequently Asked Questions (FAQ) document. The Directive, **effective on the 17 September 2025**, widens the list of entities automatically authorised to transact in FX, introduces a fast-track approval mechanism for others, and clarifies operational and enforcement mechanics.

2. Key enhancements introduced by the Directive

- **Broader automatic eligibility.** Fourteen (14) categories of persons and entities (detailed in section 4 below) may now receive, hold and pay foreign currency in Rwanda without prior BNR approval.

- **Fast-track approvals.** Businesses outside the automatic list that demonstrate a bona fide FX business model may obtain authorisation in as little as 20 working days, extendable once by ten working days. Silence from BNR after the extension of ten days constitutes implied approval, an innovation that brings Rwanda in line with "deemed-approval" regimes we see in other jurisdictions.

- **No forced dollarisation.** Even authorised dealers must accept FRW at the BNR's average daily exchange rate and may not levy surcharges on clients who elect to settle in local currency.

- **Legacy contract protection.** Existing FX-denominated contracts remain enforceable for six months from the Directive's publication, affording counterparties a transition window to seek approval or renegotiate these contracts.

- **Proportionate enforcement.** Monetary penalties remain steep, 50 % of the transaction value for a first breach, 100% for a repeat breach, but the Directive confirms a risk-based, multi-agency enforcement approach that prioritises systemic violations over inadvertent error.

3. Strategic rationale

BNR's recalibration is driven by four converging policy considerations:

- **Protecting monetary sovereignty.** Rwanda's import dependence for fuel, machinery and construction inputs exposes the economy to FX shocks; curbing de facto dollarisation cushions the impact on monetary policy transmission.

- **Facilitating genuine FX flows.** Legitimate cross-border commerce, tourism receipts, aviation services, cross-border logistics, relies on hard currency invoicing. An excessively narrow authorisation framework would push such activity offshore, undermining transparency and tax collection.

- **Enhancing AML/CFT compliance.** Formalising FX channels improves traceability and aligns Rwanda with Financial Action Task Force ("FATF") recommendations ahead of the next mutual evaluation.

- **Maintaining regional competitiveness.** Rwanda competes with Nairobi and Mauritius for regional headquarters and financial-services mandates; a pragmatic FX regime is essential to preserve Kigali's attractiveness under the Kigali International Financial Centre ("KIFC") banner.

4. Entities now qualifying automatically as "Authorised Dealers"

i. **Real estate companies** holding a valid Investment Certificate and approved by the Rwanda Development Board to transact in foreign currency.

ii. **Tourism entities and travel agencies** licensed by the Rwanda Development Board.

iii. **Entities registered or licensed** by a competent authority and operating under the Kigali International Financial Centre regime, as approved by Rwanda Finance Limited.

iv. The Kigali International Arbitration Centre.

v. **Licensed mining and mineral** trading companies.

vi. **Aviation and logistics service providers**, including ground-handling companies and bonded warehouse operators.

vii. **Air ticketing agencies** accredited by the relevant authority.

viii. Cross-border land or water transport operators and related logistics firms.

ix. Duty-free retailers located at international ports of entry.

x. **Licensed casinos**

xi. **International schools, universities**, and higher education institutions authorized by the Ministry of Education.

xii. Suppliers or service providers to **diplomatic missions, embassies, consulates, UN agencies**, and other accredited international organizations in Rwanda.

xiii. **Expatriates legally authorized to work in Rwanda**, or persons employed by or providing services to entities that use foreign currency sourced from outside Rwanda.

xiv. **Suppliers or service providers to expatriates** and persons who receive income in foreign currency sourced from outside Rwanda.

xv. **Any other person** or entity expressly authorized by the Central Bank.

5. Obtaining authorisation outside the automatic list

Businesses that do not fit squarely within the 14 categories may still transact in FX by submitting:

- A detailed cover letter outlining the business model, projected FX inflows/outflows, and why RWF settlement is impracticable (e.g. natural hedge, supplier requirements).
- Documentary evidence such as executed or draft FX-denominated contracts, invoices, letters of intent or confirmed purchase orders.
- Proof of an operational FX account with a licensed Rwandan bank.
- Statutory corporate documents (certificate of incorporation, memorandum and articles, valid tax-clearance certificate, and latest audited accounts for the two previous years reflecting FX transactions).
- Any sectoral endorsement (e.g. a supportive letter from RDB or a line ministry).

Timeline: BNR will acknowledge a complete application within five working days. A decision is expected in 20 working days, extendable once by ten working days. For a denied authorisation request, the BNR must issue a notification specifying grounds for the denial. Absence of a decision after the extension constitutes deemed approval.

6. Transition rules for existing contracts

All FX-denominated contracts predating the Directive remain valid for up to six months post-publication. During this window, parties must:

i. Verify whether they fall under the expanded exemption list;

ii. Seek BNR authorisation where needed; or

iii. Amend contracts to substitute RWF pricing.

Failure to regularise within the grace period renders further FX invoicing unlawful and exposes parties to enforcement action.

7. Penalties and enforcement architecture

- **Monetary fines.** The Directive does not provide new sanctions; violation is penalised as per under previous regulations. This includes fifty percent of the transaction value for a first infraction; 100% for repeat infractions. Pricing in FX without authorisation draws a flat fine of RWF 5 million (first instance) and RWF 10 million (repeat). Delinquent fines accrue a 1% daily surcharge after thirty days and trigger a Credit Bureau notice.
- **Multi-agency coordination.** Enforcement is coordinated by BNR in conjunction with the Rwanda Inspectorate, Competition and Consumer Protection Authority, Rwanda Revenue Authority (“RRA”), Rwanda National Police, and local government.
- **On-site examinations and mystery shopping.** BNR may conduct unannounced visits or mystery-shop authorised dealers; refusal to cooperate is itself an offence.

8. Suspension or Revocation of authorization

The Central Bank may suspend or revoke an authorised dealer's status for reasons such as fraud, regulatory breaches, or public interest concerns. Before doing so, it must issue a written notice and allow the dealer 10 working days to respond. If suspended or revoked, the dealer has 10 working days to appeal to the Governor. The Central Bank must publish the decision on its website within 5 working days of issuance.

9. Practical implications for stakeholders

- **Real estate and construction.** Developers and landlords can now structure long-term leases or sales in USD/EUR, easing financing constraints and aligning repayment schedules with hard-currency loans.
- **Tourism and hospitality.** Hotels and tour operators regain the flexibility to quote packages in hard currency, enhancing competitiveness vis-à-vis East African peers.
- **Education.** International schools may invoice tuition in USD, mitigating FX-mismatch risk where expatriate parents earn in hard currency.
- **Logistics and aviation.** Cross-border carriers can hedge fuel costs by invoicing freight charges in USD, while ground-handling firms reduce FX translation exposure.

10. Recommended next steps

- Conduct an immediate contract audit to map all FX-linked agreements and determine authorisation status.
- Update pricing displays and invoicing templates to include dual-currency quotations where applicable.
- Strengthen internal controls: Embed FX limits, escalation thresholds and automated exchange-rate feeds in accounting systems.
- Train frontline staff (sales, finance and treasury) on the Directive's acceptance rules and penalties.
- File fast-track applications early to avoid bottlenecks as the six-month transition window narrows.
- Monitor BNR circulars and FAQs for supplemental guidance, particularly on digital-currency pilots or additional exempt categories.

Conclusion

The June 2025 Directive represents a realistic course-correction that both reassures investors and reinforces Rwanda's monetary sovereignty. Businesses should seize the expanded opportunities while promptly embedding the new compliance disciplines to avoid costly penalties.

How PwC can assist

Our multidisciplinary regulatory and tax team stands ready to:

- Map your FX exposures and conduct a compliance gap assessment;
- Prepare and submit authorisation applications, including liaising with BNR auditors;
- Redraft lease agreements, supplier contracts and customer-facing documents to embed dual-currency clauses; and
- Provide defence support in the event of a BNR inspection or enforcement action.

For further information, please contact your usual adviser or reach our dedicated Legal and Business solutions Team

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