

The National Bank of Rwanda (BNR) has identified 863 contracts involving illegal pricing and payments in foreign currencies, in violation of national monetary regulations.

BNR officials said Monday that more than 290 of the contracts were related to commercial property leases. The central bank's investigation found that businesses across Kigali, Rubavu, Musanze and Rusizi had been charging or receiving payments in U.S. dollars and other foreign currencies without proper authorization.

"Once you begin setting prices in foreign currencies, you are violating the regulations," said Muhoza Theogene, head of foreign exchange monitoring at BNR. "We found landlords demanding rent payments in U.S. dollars or indexing them to the exchange rate. That is not allowed under our current rules."

BNR defines foreign currency pricing as any attempt to assign value in foreign currencies to goods or services, whether through advertising, invoicing, contracts or verbal agreements. Current Rwandan law prohibits such practices unless expressly permitted.

On May 30, the central bank issued updated regulations governing the use of foreign exchange, introducing strict penalties for violations while still allowing payments in foreign currencies for international trade and tourism services.

According to BNR, unauthorized use of foreign currency can destabilize the economy by creating artificial shortages and driving up demand in the local forex market.

"When demand outweighs availability, prices go up, and it creates the impression that forex is unavailable, even though it's simply being used for purposes that are not essential," Muhoza said.

Under the new rules, only select entities are allowed to charge in foreign currency—these include hotels, tourism operators, casinos, foreign-owned schools catering to international students, and duty-free shops. Even then, those businesses are only permitted to accept foreign currency from non-residents.

"If a company has been licensed by the Rwanda Development Board (RDB) to serve international visitors, it may be allowed to set prices in foreign currency," said Mugabe Godfred, head of financial sector legal affairs at BNR.

Violations carry steep fines. First-time offenders who price goods or services in foreign currency may be fined 5 million Rwandan francs (about \$4,000), with repeat violations drawing fines of 10 million francs. Businesses that conduct actual transactions in foreign currency without authorization can face penalties of up to 100% of the value involved.

In addition, unauthorized forex auctions—whether direct or indirect—are considered illegal and subject to a fine of 50% of the total amount used.

All penalties must be paid in Rwandan francs at the prevailing exchange rate on the day the penalty is issued. Offenders who fail to pay within 15 days will be reported to the Credit Reference Bureau and incur an additional 1% fine per day of delay.

BNR is also encouraging the public to report any suspected illegal foreign exchange activity. “Everyone has a responsibility to inform the central bank about any unauthorized forex dealings,” said Muhoza.