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# Legal Controls Governing the Provisions of the Right to Foreign Exchange for Travel Abroad

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**Abstract**
This research paper addresses a highly important issue that has long raised many questions, namely the tourist allowance and its regulation by the Bank of Algeria. In line with the far-reaching banking reforms, the Algerian legislature reconsidered this matter within the provisions of Law No. 23-09 on the Monetary and Banking Law and addressed it through the provisions of a specific instruction, in an important step. Accordingly, these provisions are examined in this research paper under the title "Legal Controls Governing the Provisions of the Right to Foreign Exchange for Travel Abroad," within the framework of returning funds to banking channels and monitoring foreign-exchange and currency-transfer operations in a manner that ensures transparency and combats corruption in the financial sector in general and the banking sector in particular.
**Keywords:** right to foreign exchange for travel abroad; Monetary and Banking Law; hard currency; tourist allowance.

## Introduction:

Given the major role of the banking system in promoting economic development and encouraging investment, Algeria has reconsidered its banking legal framework. This review also responds to developments in the global banking sector. Its purpose is to address gaps revealed by practical experience.

As a result of this review, the Algerian legislature enacted Law No. 23-09 containing the Monetary and Banking Law[1]. It introduced many changes, most notably the restructuring of banking institutions through the inclusion of Islamic banking, which is considered one of the most important banking operations, and the regulation of its practice through the issuance of regulations consistent with Islamic banking. The new and current law also kept pace with technological developments, the development of media and communication, and financial technology by allowing the establishment of digital banks. It also provided for the issuance of a set of regulations aimed at strengthening supervision and protecting the financial system in general. In addition, it reorganized the foreign-exchange market in line with economic and social conditions. In particular, it authorized and regulated the establishment of exchange offices, which members of society had been calling for in order to protect them from hard-currency dealers, eliminate informal exchange points, curb exchange-rate manipulation, and address the large financial flows outside banking channels—the "Square" market.

It therefore became necessary to regulate foreign-exchange operations, particularly in view of individuals' need for hard currency when traveling abroad, since the travel allowance set by the Bank of Algeria was insufficient. It was a symbolic amount that did not correspond to travel requirements or to individuals' increasing openness to the culture of traveling abroad for tourism purposes.

Against this background, the following research question arises: How has the Algerian legislature regulated the right to foreign exchange for travel abroad, and to what extent has it been successful in doing so?

This research question is answered by adopting the descriptive and analytical methods through a two-part plan comprising two sections. The first section is entitled "The Concept of the Right to Foreign Exchange for Travel Abroad," while the second is entitled "Regulation of the Right to Foreign Exchange for Travel Abroad."

**Section One: The Concept of the Right to Foreign Exchange for Travel Abroad.**

Foreign exchange is one of the banking operations performed by banks and financial institutions. More specifically, currency exchange constitutes the core and sole function of currency exchange offices, which exchange one currency for another. Because individuals need foreign currency when traveling abroad, the Algerian legislature had to regulate this operation. It therefore established an annual allowance for persons who meet the required conditions, recognized it as an individual entitlement, and called it the "right to foreign exchange for travel abroad."

This section defines the right to foreign exchange for travel abroad. It is divided into two subsections. The first addresses the definition of the right and its legal nature. The second identifies the authority that grants the right and the persons entitled to benefit from it.

**Subsection One: Definition and Legal Nature of the Right to Foreign Exchange for Travel Abroad.**

This subsection defines the right to foreign exchange and its legal nature as one of the rights recognized by the Monetary and Banking Law through its provisions and regulations.

**First Branch: Definition of the Right to Foreign Exchange for Travel Abroad.**

The Algerian legislature defines the right to foreign exchange for travel abroad as "a manual foreign-exchange transaction consisting of the sale, against national currency, of freely convertible foreign currencies to resident persons under an exchange entitlement or allowance for the purpose of travel abroad"[2].

It may also be defined as the exchange of national currency for foreign currency to be used for travel, carried out through currency exchange offices. In Algeria, these are commonly referred to as exchange offices. The allowance allocated for travel abroad is known as the "tourist allowance."

Several characteristics of the right to foreign exchange for travel abroad can be derived from this definition. First, it is a monetary amount in hard currency; therefore, it cannot take any other form or represent any value other than a cash amount. Second, this monetary amount is granted for use for a tourism purpose, subject to specific conditions. Travel abroad for medical treatment, mission expenses, study expenses, and training expenses is governed by specific provisions for each case according to the purpose for which it is allocated. All of these cases fall within the framework of a right or foreign-exchange allowance.

**Second Branch: Legal Nature of the Right to Foreign Exchange for Travel Abroad.**

The right to foreign exchange for travel abroad is a manual foreign-exchange transaction. Foreign-exchange transactions are commercial acts by their subject matter, as provided by the Algerian legislature in Article 02, paragraph 13, of the Commercial Code[3]: "Every banking transaction or foreign-exchange transaction shall be deemed a commercial act by its subject matter..."

Foreign-exchange transactions involve an element of speculation, since profit is sought through the financial margin charged when one currency is exchanged for another.

Foreign-exchange transactions also fall within banking operations regulated by the Monetary and Banking Law and by the regulations and instructions of the Bank of Algeria.

**Subsection Two: The Authority Granting the Right to Foreign Exchange for Travel Abroad and Its Beneficiaries.**

To clarify the scope of the right to foreign exchange for travel abroad, it is necessary to identify the authority legally empowered to grant it, its monetary value, and the persons entitled to benefit from it.

**First Branch: Authority Granting the Right to Foreign Exchange for Travel Abroad.**

The travel allowance is obtained from currency exchange offices accredited by the Bank of Algeria. The Algerian legislature opened the way for the establishment of such offices under Regulation No. 23-01, which sets the conditions for their authorization, accreditation, and operation. This measure forms part of banking reforms aimed at developing the banking sector, combating the black market, returning funds to banking channels, and encouraging private operators to enter this field.

However, to date, no list has been issued of privately established currency exchange offices accredited by the Bank of Algeria. Exchange facilities located at international airports, ports, and border crossings have been accredited by the Bank of Algeria. Their operations were activated from 20 July 2025, after the rules governing the right to foreign exchange for travel abroad were established[4].

**Second Branch: Monetary Value of the Right to Foreign Exchange for Travel Abroad.**

The value of the travel allowance abroad has long provoked debate and criticism of the banking sector because it did not change or increase in line with evolving social and economic conditions. Its value was very low and did not take travel needs into account since the issuance of the Bank of Algeria regulation concerning the 1995 foreign-exchange budget[5]. Pursuant to Article 20 thereof, Instruction No. 08-97 dated 28 August 1997[6] concerning the right to foreign exchange for travel abroad set its value in Article 2 at fifteen thousand Algerian dinars (DZD 15,000), equivalent at that time to approximately one hundred and twenty euros. The amount of foreign currency obtained began to decline in value as the euro exchange rate rose, until it became insufficient even to rent a hotel room for one night. This caused dissatisfaction among members of society and led them to resort to the black market known as "Square" to exchange currency because there were no active exchange offices in Algeria.

After the regulation concerning the establishment and accreditation of exchange offices was issued, the Bank of Algeria issued Instruction No. 05-2025 dated 17 July 2025 concerning the right to foreign exchange for travel abroad. It set its value at seven hundred and fifty euros (EUR 750), or the equivalent in another freely convertible hard currency, for persons aged 19 years or older, and at three hundred euros (EUR 300) for persons aged between 12 years and under 19 years[7]. The entitlement is

granted once each year. Each year is calculated from 20 July and ends on 19 July of the following year.

These amounts may be regarded as reasonable to some extent because they reduce part of the financial burden of travel. However, they remain insufficient. They should therefore be increased in line with financial, economic, and social developments so that the allowance can fulfil the purpose for which it was established.

**Third Branch: Persons Entitled to the Right to Foreign Exchange for Travel Abroad.**

Resident natural persons are entitled to foreign exchange for travel abroad. This includes adults who have reached 19 years of age and minors who have reached 12 years but are under 19. The entitlement is granted for tourism. It cannot be used for travel to perform Hajj[8], because the amount of foreign currency for Hajj is governed by specific rules after pilgrimage costs are paid and when the traveler departs for the Holy Places.

Persons traveling to the Holy Places for the purpose of performing Umrah (Umrah pilgrims) are also entitled to it.

The entitlement may not be granted for more than two children from the same family[9]. Accordingly, only two minor children between 12 and 19 years of age may benefit.

**Section Two: Regulatory Provisions Governing the Right to Foreign Exchange for Travel Abroad.**

Obtaining the right to foreign exchange for travel abroad is subject to a set of conditions and procedures. The individual must comply with them in order to receive the travel allowance lawfully. Breach of these procedures gives rise to sanctions. This section examines these matters in two subsections. The first explains the conditions for obtaining the right. The second addresses the procedures for obtaining it and the sanctions arising from non-compliance.

**Subsection One: Conditions for Obtaining the Right to Foreign Exchange for Travel Abroad:**

Several conditions must be satisfied in order to benefit from the right to foreign exchange for travel abroad.

Once residency, legal age, and the purpose of travel requirements are satisfied, the applicant must also meet the formal requirements for obtaining the travel allowance. These requirements must be verified before the equivalent amount in Algerian dinars is collected by bank agencies or branches of the Bank of Algeria.

**First Branch: No Previous Benefit.**

The first condition is that the applicant must not have already benefited from the right to foreign exchange for travel abroad during the current reference year. An application cannot therefore be accepted twice in the same year. The reference year runs from 20 July to 19 July of the following year. Previous use is verified through an endorsement placed in the passport by the border police[10].

**Second Branch: Existence of a Bank Account.**

The applicant must hold a bank account[11] into which the amount in national currency is deposited. The Bank of Algeria allows one bank account to be used for a family, so a separate account is not required for each individual, provided the family relationship is established (spouse, children, siblings). This condition was introduced to reduce manipulation in transfers of funds. The Bank of Algeria also requires the deposit to be made through payment instruments rather than by cash

payment. This is intended to enhance transparency, enable tracing of the source of transferred funds, and strengthen oversight of the use of the entitlement.

**Third Branch: Duration of Travel.**

To benefit from the right to foreign exchange for travel abroad, the duration of travel must not be less than 7 days, with an actual stay and proof of that stay. This confirms that the allowance amount has been exhausted and used to pay travel expenses rather than for other purposes.

**Subsection Two: Procedures for Obtaining the Right to Foreign Exchange for Travel Abroad and Sanctions for Non-Compliance.**

The right to foreign exchange for travel abroad is obtained through two main procedures. The first is carried out at bank branches. The second is carried out at Bank of Algeria counters.

**First Branch: Deposit of Funds.**

The deposit of funds in Algerian dinars is made at the exchange rate applicable on the day of deposit. This is carried out within a maximum period of three working days before the travel date[12], through branches of the Bank of Algeria or bank agencies. The documents specified in the Instruction must be submitted to verify the applicant's eligibility and to collect the equivalent amount. These documents are a valid passport for the beneficiary, a copy of the first page of the passport, and a copy of a valid visa for countries that require an entry visa. Once the documents are submitted and verified, the equivalent amount is collected in Algerian dinars. The beneficiary is then given a receipt confirming payment of that amount.

Any resident citizen may complete these procedures on behalf of a spouse and children by presenting a family certificate proving the family relationship[13].

**Second Branch: Receipt of the Foreign-Exchange Entitlement.**

The Bank of Algeria regulated the procedure for receiving the foreign-exchange entitlement through Instruction No. 05-2025 on the right to foreign exchange for travel abroad. The Instruction determines how the amount is delivered to the beneficiary and links receipt to a specific date and stated conditions.

The foreign-currency amount is delivered at Bank of Algeria counters located at points of exit from Algerian territory. These counters operate at ports, airports, and land border crossings. At ports and airports, the amount is handed over after completion of travel formalities, including border and customs procedures, when only boarding remains.

The beneficiary must appear at a Bank of Algeria counter and present the following documents[14]. Counter staff verify a valid passport, a boarding pass issued by an airline or maritime transport company, and the receipt confirming payment in dinars of the equivalent value of the foreign-exchange entitlement. The foreign-exchange amount is then delivered. The Bank of Algeria counter also endorses the beneficiary's passport by recording the amount granted in foreign currency and the date of the transaction[15].

For land border crossings[16], travelers by road must present a valid passport and the receipt confirming payment in Algerian dinars of the equivalent value of the foreign-exchange entitlement.

**Third Branch: Refusal to Accept the Deposit.**

A bank agency may reject an application for the right to foreign exchange for travel abroad if it establishes that the applicant is not entitled to it. This applies when the applicant has already benefited during the reference year, since the allowance cannot be obtained twice in the same year. The

entitlement is also lost if the travel period shown in the submitted documents is less than seven (07) days[17].

An application is also rejected where it concerns more than two children from the same family, as noted above.

In addition, branches of the Bank of Algeria and bank agencies refuse to collect the equivalent amount in Algerian dinars if the person has lost the right to foreign exchange because of non-compliance with the provisions governing that right. In such a case, the person is sanctioned by being barred for 5 years from benefiting from the right to foreign exchange for travel abroad[18].

**Fourth Branch: Refund of the Amount of the Right to Foreign Exchange for Travel Abroad.**

The foreign-exchange entitlement may be refunded when the person does not travel for any reason. This may include a decision not to travel, illness[19], or a travel ban.

It is also refunded in the event of death. Where the equivalent amount in Algerian dinars has already been deposited with a bank agency but the foreign currency has not yet been received, the dinar amount becomes payable to the heirs before the scheduled travel date.

The amount of the right to foreign exchange for travel abroad must be returned when the beneficiary comes back before completing seven (07) days of travel. The person must return the foreign-exchange amount to branches of the Bank of Algeria within five working days from the date of return[20]. This is because entitlement is conditional on completing a full seven-day period.

**Fifth Branch: Sanctions for Breach of the Provisions Governing the Right to Foreign Exchange for Travel Abroad.**

Persons who violate the provisions governing the right to foreign exchange for travel abroad are deprived of that right if they fail to return the travel allowance when they do not travel or do not remain abroad for seven days. For adults, the right is lost for 5 years from the day it was obtained. For minors who were subject to the sanction as a result of the act of their legal guardian, its application ceases when they reach nineteen (19) years of age.

The law on violations of legislation and regulations relating to foreign exchange also applies to every person who violates the provisions of the Instruction concerning the right to foreign exchange for travel abroad, particularly where it is used unlawfully, that is, where the beneficiary does not use it personally and hands it over to another person[21].

**Conclusion:**

The right to foreign exchange for travel abroad is one of the principal entitlements granted to resident persons. It takes the form of a tourist allowance in foreign currency granted when a person travels for tourism. It is subject to legal controls issued by the Bank of Algeria. These controls seek to return funds to formal banking channels, combat the smuggling of funds abroad, and address cross-border money laundering.

The study reached the following findings:

– The Algerian legislature was successful in revisiting the regulation of the travel allowance and in defining its rules and the procedures for obtaining it.

– The value of the travel allowance, known to the legislature as the right to foreign exchange for travel abroad, was set at seven hundred and fifty euros (EUR 750) for adults and three hundred euros (EUR 300) for minors. These amounts are considered reasonable for travel within seven (07)

days. However, if the duration exceeds seven days, their value should be reconsidered in light of the prevailing economic and social conditions in foreign countries.

– Another finding concerns the complete elimination of the parallel "Square" market. If Bank of Algeria counters provide the travel allowance and licensed currency exchange offices operate within the legal framework, individuals can obtain the currency they need from lawful exchange offices without seeking additional foreign currency on the parallel market.

– The travel allowance supports the activity of currency exchange offices, increases competition, and contributes to economic development.

– Regulation of the right to foreign exchange for travel abroad also helps control currency prices and eliminate manipulation and excessive price increases.

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2. Bank of Algeria. *Regulation No. 23-01 of 21 September 2023 concerning the conditions for the authorization, establishment, accreditation, and operation of currency exchange offices.* Official Gazette of the People's Democratic Republic of Algeria, No. 69, 30 October 2023.
3. People's Democratic Republic of Algeria. *Ordinance No. 75-59 of 26 September 1975 containing the Commercial Code, as amended and supplemented.* Official Gazette of the People's Democratic Republic of Algeria, No. 101, 19 December 1975.
4. Bank of Algeria. *Regulation No. 95-07 of 23 December 1995 amending and replacing Regulation No. 92-04 of 22 March 1992 concerning foreign-exchange control.* Official Gazette of the People's Democratic Republic of Algeria, No. 11, 11 February 1996.
5. Bank of Algeria. *Instruction No. 08-97 of 28 August 1997 concerning the right to foreign exchange for travel abroad.* Bank of Algeria.
6. Bank of Algeria. *Instruction No. 05-2025 of 17 July 2025 concerning the right to foreign exchange for travel abroad.* Bank of Algeria.
7. Bank of Algeria. *Note to Banks No. 01/DGIG/2025 of 15 December 2025 concerning the implementation of the conditions governing the right to foreign exchange for travel abroad.* Bank of Algeria.
8. Bank of Algeria. *Note to Banks No. 02/DGC/2025 of 16 December 2025 concerning the adjustment of the procedures for payment in Algerian dinars of the foreign-exchange allowance for travel abroad.* Bank of Algeria.

**Endnotes:**

[1] - Law No. 23-09 of 21 June 2023 containing the Monetary and Banking Law, Official Gazette No. 43, issued on 27 June 2023, which repealed Ordinance No. 03-11 on Money and Credit of 26 August 2003, as amended and supplemented.

[2] - Article 02 of Regulation No. 23-01 of 21 September 2023 concerning the conditions for authorizing the establishment, accreditation, and operation of currency exchange offices, Official Gazette No. 69, issued on 30 October 2023.
[3] - Ordinance No. 75-59 of 26 September 1975 containing the Commercial Code, as amended and supplemented.
[4] - The rules governing the right to foreign exchange for travel abroad, also known as the tourist allowance, were established by Bank of Algeria Instruction No. 05-2025 of 17 July 2025 on the right to foreign exchange for travel abroad. www.bankofalgeria.dz
[5] - Regulation No. 95-07 of 23 December 1995 concerning foreign-exchange control, Official Gazette No. 11, issued on 11 February 1996.
[6] - Instruction No. 08-97 of 8 August 1997 concerning the right to foreign exchange for travel abroad, repealed; Bank of Algeria website, 10 June 2025. www.bankofalgeria.dz
[7] - Article 02/1 of Instruction No. 05-2025 of 17 July 2025 concerning the right to foreign exchange for travel abroad, Bank of Algeria website. www.bankofalgeria.dz
[8] - Article 02/3 of the same Instruction.
[9] - Article 02/4 of the same Instruction.
[10] - Article 6 of Instruction No. 05-2025 concerning the right to foreign exchange for travel abroad, cited above.
[11] - Memorandum No. DGIG01/2025 of 15 December 2025, Bank of Algeria website, accessed on 20 December 2025. www.bankofalgeria.dz
[12] - A schedule was established for exchange days according to the travel date. For a Wednesday departure, exchange takes place on Sunday at bank agencies. For a Thursday departure, exchange takes place on Monday. For departures on Friday, Saturday, or Sunday, exchange takes place on Tuesday. For a Monday departure, exchange takes place on Wednesday.
[13] - Article 5 of Instruction No. 05-2025 concerning the right to foreign exchange for travel abroad, cited above.
[14] - Article 7 of Instruction No. 05-2025 concerning the right to foreign exchange for travel abroad, cited above.
[15] - Article 8 of the same Instruction.
[16] - Land border crossings do not require a visa. The most commonly used crossings are on the Algerian-Tunisian border, particularly the Oum Teboul crossing.
[17] - Article 03/1 of Instruction No. 05-2025 concerning the right to foreign exchange for travel abroad, cited above.
[18] - Article 09/3 of the same Instruction.
[19] - Article 09/02 of the same Instruction.
[20] - Article 09/01 of the Instruction concerning the right to foreign exchange for travel abroad, cited above.
[21] - The delivery of the foreign-exchange allowance for travel abroad generated controversy at the end of 2025. This followed cases in which travel and tourism agencies exploited individuals seeking to obtain the allowance and offered beneficiaries a tourist trip in exchange for taking the travel allowance from them.