

REQUIREMENTS FOR APPLYING FOR MICROFINANCE INSTITUTION OPERATING LICENCE

Application for a licence to operate the business of microfinance, money lending and FNGO shall be in writing and addressed to the Head, Other Financial Institutions Supervision Department, Bank of Ghana, Cedi House, Accra. The application should indicate which of the three tiers of licences is being applied for.

1. Restricting Eligibility to Licensed Corporate Bodies

No person other than a body corporate incorporated in Ghana shall be eligible to apply for a licence to carry on the business of deposit taking microfinance institution.

2. No person shall carry on the business of micro finance unless the Bank of Ghana licenses it.

Restrictions on shareholding

i) Shareholding of deposit taking microfinance institutions such as microfinance companies, Susu companies, deposit taking and profit making Financial NGOs (FNGOs) (TIER 2 institutions) shall be restricted to only Ghanaians.

ii) Shareholding in non-deposit taking microfinance institutions such as money lenders and non-deposit taking FNGOs (TIER 3 institutions) may be exclusively Ghanaian, exclusively foreign or jointly Ghanaian and foreign. Foreign capital should be registered at the Ghana Investment Promotion Centre.

iii) There shall be at least two (2) shareholders with none of the shareholders holding not less than 10% of the total number of shares. The Bank of Ghana has the right to request for dilution of the shareholding.

3. Interview

The Other Financial Institutions Supervision Department located at the Cedi House [Bank of Ghana Annex] may first interview the applicant. A licensing fee of GH¢1,000.00 [one thousand Ghana Cedis] or so determined by Bank of Ghana, would be paid if the application is approved for the issuance of the licence.

4. Application for Licence

Every application for a licence shall be made in writing to the Head, Other Financial Institutions Supervision Department Bank of Ghana, Accra for consideration and shall be accompanied by:

[a] A certified true copy of the Certificate of Incorporation and company's Regulations or other Instrument, relating to the proposed business, or by or under which any person proposing to carry on such business was established. The registered name of the company should include either '**Microfinance, Money Lending, or FNGO**' as the case may be or the type of licence being applied for.

[b] full particulars of and detailed and clear definition of activities it proposes to carry out.

[c] details of registered place of business, principal place of business accessible to the public and suitable for the services contemplated and a description of other places where it proposes to do business and the areas it proposes to serve.

- [d] Names, addresses, occupations and corporate affiliations of persons who hold or would hold significant shareholdings directly or indirectly in the proposed venture and the respective values of such holdings or proposed holdings.
- [e] Duly completed Personality Note Form (PNF) by at least five [5] directors (two (2) of whom should be independent directors), shareholders and key management staff of the said business, The majority shareholder should not be the board chairman and the Chief Executive Officer of the company. PNF can be downloaded from the Bank of Ghana website (www.bog.gov.gh/supervisionandregulation/licensingandpolicyguidelines)
- [f] Tax Clearance Certificate of Directors, shareholders and key management personnel.
- [g] Curriculum Vitae of Directors, Shareholders and Key Management Personnel.
- [h] Financial data including financial statement and feasibility reports which should contain among others.
 1. a business plan and financial projections (income statement, balance sheet and cashflow) for the first five (5) years of operations.
 2. Details of assumptions upon which the financial projection has been made.
 3. Objectives and aims of the proposed Microfinance Institution.
 4. Justification for the establishment of the Microfinance Institution
 5. Organisational structure of the company setting out in detail the functions and responsibilities of the top management team.
- [i] Other information that relates to the viability of the business.
- [j] Information on capital and documentary evidence of sources of funds;
- [k] Information on other matters that applicant considers relevant for the determination of the application and
- [l] Such other additional information or particulars which the Bank of Ghana considers relevant or may require for the determination of the application and
- [m] Evidence of payment of a non-refundable processing fee of GH¢500.00 or as determined by the Bank of Ghana.
- [n] Evidence of request for Police clearance for shareholders, directors and key management staff.

PLEASE NOTE that submission of the above requirements does not constitute an APPROVAL.

5. **Minimum Paid-Up Capital**

Tier 2 and 3 Companies

All Tier 2 and 3 entities (comprising microfinance companies and moneylending companies) excluding FNGOs shall require not less than GH¢2,000,000 [Two million Ghana cedis only] as minimum paid capital.

All FNGOs shall require not less than GH¢300,000 [Three hundred thousand Ghana cedis only] as minimum paid capital (owners' contribution).

NOTE: Not more than 25% of the initial paid-up capital shall be spent on property, plant and equipment (capital expenditure). That is at least 75% of the initial paid up capital shall be in liquid cash resources to support operations.

6. **Approval in principle**

The Bank of Ghana may issue an 'approval-in-principle' for a period of six months to the applicant on such terms and conditions as it may consider necessary and appropriate, if it is satisfied that:

[a] the applicant would carry on the business with integrity, prudence and the required professional competence; and

[b] the applicant has the capacity to raise the initial paid-up capital required to hold a licence.

NOTE: Approval in Principle DOES NOT CONSTITUTE a final licence, as such applicants CANNOT commence operations.

7. **Pre-operating Conditions**

The Central Bank may issue the final approval and licence to the applicant after satisfying itself that the following pre-licensing conditions have been met;

i. Minimum paid-up capital – the company has raised the minimum paid up capital

ii. Premises: The company

[a] has provided evidence of title deeds/lease agreements

[b] has approvals by relevant authorities

[c] has adequate business premises, staff operating area, ventilation, lighting, etc.

[d] Display of name of company as contained in the certificate of incorporation and logo where appropriate

iii. Has demonstrated security of the premises, including adequacy of alarm systems, fire extinguishers, vaults or safes, etc.

iv. Has in place up to date insurance covers – fire, burglary, fidelity guarantee, cash, etc.

v. Has in place up to date serviced fire extinguishers supported by a fire certificate.

vi. Possesses Operational plans and policies approved by the Board.

- vii. Has accounting and operating manuals, appropriate management information systems, (computers, appropriate software), internal controls and training manual etc.
- viii. Has in place adequately trained and sufficiently experienced staff as well as competent key personnel;
- ix. Has submitted its first year pre - operating financial statement of affairs and budget.
- x. The minimum paid up capital/shareholders' funds of the relevant category being applied for is acceptable and the source is verifiable and found to be satisfactory to the Bank of Ghana.
- xi. Has met any other conditions imposed by the Bank of Ghana

8. Fees

Tier 2 and 3 microfinance institutions shall pay the following fees, or as may be determined by Bank of Ghana:

- a. Non-Refundable Processing fee: **GH¢500.00**
- b. Non-Refundable Licensing fee: **GH¢1,000.00**
- c. Annual licence renewal fee: **GH¢500.00 which should be paid by January 31 of each year.**

TIER 4 OPERATORS

1. Application and Licensing Procedure

Tier 4 operators shall:

- i. Obtain and complete a preliminary registration form for licensing as a Susu collector or money lender (individuals or enterprises)
- ii. Register as a member or affiliate with the umbrella organization for Susu collectors or money lenders
- iii. Submit the completed preliminary form, together with a personality profile form endorsed by the executives of the umbrella association to the Bank of Ghana.
- iv. Be licensed after obtaining satisfactory reports on background checks undertaken.

2. Fees

- i. Application processing fee: **GH¢100.00**
- ii. Licensing fee: **GH¢500.00**

ENTITIES AND INDIVIDUALS ENGAGED IN THE ABOVE ACTIVITIES ARE REQUIRED TO JOIN AN UMBRELLA ASSOCIATION.

9. CHANGES IN LICENSING CONDITIONS

- [a] It should be noted that the above conditions for licence are subject to review, and could affect an application in process.

- [b] The Bank of Ghana relies on other agencies both local and external in the processing of applications, and this could cause delays in the processing of applications.
- [c] Information submitted by applicants shall be subject to verification by the Bank of Ghana.

Please note that:

The Bank of Ghana may revoke a licence granted to a company if it is satisfied that:

- (a) it has, in connection with the application for the licence, been provided with false, misleading or inaccurate information by or on behalf of the applicant company or that material information has been suppressed, or
- (b) the company has failed to fulfil or comply with the terms and conditions stipulated in the licence, or
- (c) the company has failed to commence business within one year from the date the license was issued.
- (d) licences granted by Bank of Ghana are **NOT** transferable

FOR FURTHER INFORMATION PLEASE CONTACT:

**THE HEAD.
OTHER FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT
BANK OF GHANA
8TH FLOOR CEDI HOUSE
P.O.BOX 2674
ACCRA**

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