

BANK OF GHANA

BANKING SUPERVISION DEPARTMENT

GUIDELINES FOR OFF SHORE BANKING LICENCE **(SUBSIDIARIES OF INTERNATIONALLY ACTIVE BANKS)**

1. Restricting Eligibility to 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 Class II banking in Ghana.

2. No person(s) shall carry on the business of banking (whether as principal or agent) except by or under the authority of licence issued in accordance with the Banking (Amendment Act), 2007 (Act 738).

3. The applicant must demonstrate that its risk-based capital ratios meet the minimum international standards established by the Bank for International Settlements (BIS).

4. The applicant must be of sufficient size, experience and financial health to support the operations of the proposed IFC in Ghana. To meet these criteria, the applicant would generally be required to have the following:

- (i) A minimum of US\$5.0 billion in consolidated assets
- (ii) A proven track record in international banking
- (iii) A favourable financial performance over the last five years and
- (iv) A controlling parent which is widely-held in its jurisdiction

5. Application for Class II Banking Licence

A. Every application for a licence shall be made in writing (hard copy/soft copy) to the Central Bank (Bank of Ghana) and shall be accompanied by:

- i) A certified true copy of the Regulations or other Instrument relating to the proposed off shore banking business, or by or under which any person proposing to carry on such business was established.

ii) A five (5)-year detailed feasibility report (business plan) which should include among other things:

- A profoma financial statement of the proposed International Finance Centre (IFC)/off shore bank.
- The objects/lines of business of the proposed IFC and the underlying business model.
- The structure of the Accounting System and the Management Information System (MIS)
- The structure of the governance and internal control systems
- The professional/academic background and working experience of the management staff and directors of the proposed IFC.
- Capital and sources of funds
- The rationale for setting up the proposed IFC in Ghana
- An analysis of the target markets and the opportunities that the IFC would pursue to bring benefits to Ghana
- Ownership structure (refer to annexure I)
- Statutory declaration from each of the proposed directors stating whether he or she had
 - ever been convicted of any offence by a competent court of jurisdiction.
 - censured, disciplined or warned as to their conduct,
 - publicly criticised or made the subject of a court order at the instigation of any regulatory body in which she/he belongs.

Each director should also submit a Criminal Record Certificate from the Criminal Investigation Department.

B. The Central Bank may interview the promoter, directors and proposed senior management personnel in the course of appraisal and may also inspect their books and records to satisfy itself about the representations made or information furnished by the applicant.

6. Permissible Activities of Banks

A proposed IFC shall be permitted to carry on any of the following banking business activities:

(a) International Banking

- Maintain accounts in major currencies, namely, USD, GBP, EURO, YEN and currencies that the IFC may deem fit
- Accept deposits from Non-residents only
- Operate Fixed Deposit Accounts
- Interest bearing Call Accounts
- Credit Facilities – may include, ordinary loans, overdraft, guarantees, margin trading accounts, mortgages
- Treasury products

- (b) lending;
- (c) investment in financial securities;
- (d) money transmission services;
- (e) issuing and administering means of payment including credit cards, travellers cheques and bankers' drafts;
- (f) guarantees and commitments;
- (g) trading for own account or for account of customers in,
 - (i) money market instruments,
 - (ii) foreign exchange, or
 - (iii) transferable securities;
- (i) participation in securities issues and provision of services related to those issues;
- (j) advice to undertakings on capital structure, acquisition and merger of undertaking;
- (k) the keeping and administration of securities;
- (l) credit reference services;
- (m) safe custody of valuables;
- (n) electronic banking; and
- (o) any other services as the Bank of Ghana may determine.

7. **Capitalisation**

Banks:

- In case of a Ghanaian bank, it is not less than GH¢60.0 million, of which not less than 60% should be contributed by resident Ghanaians.
- In the case of foreign ownership of banking business, it is not less than GH¢60.0 million of which not less than 60% of the required capitalization be brought into Ghana in equivalent convertible currency
- Minimum capital equivalency deposit*****

8. Provisional Approval

The Central Bank may issue provisional approval 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 banking business with integrity, prudence and the required professional competence and
- b) the applicant has an initial paid-up capital as required to hold a licence

The applicant may then proceed to do the following:

- i. The acquisition and refurbishment of suitable premises for banking business and accommodation for the manager; and arranging with the undersigned for the premises to be inspected.
- ii. Acquisition of stationery and other logistics to support the bank's operations;
- iii. Submission of operational and policy manuals on the banking activities
- iv. The submission of audited pre-operating accounts (i.e. statement of affairs) including a full list of shareholders and their contributions
- v. The submission of operational budget for the first year;
- vi. Collection of manuals from the Banking Supervision Department to guide the operations of the bank;
- vii. Recruitment and induction of staff to banking operations.

In addition to the above, applicants may also collect personal questionnaire forms for Directors of the proposed bank for completion and submission to the Bank of Ghana.

Under no circumstance should the promoters/ applicant solicit for deposits from the general public at this point.

9. Final Approval and Issue of Banking Licence

The Bank of Ghana shall issue a final approval and a licence to carry on banking business, after the Bank of Ghana is satisfied

- (a) with the organisational and infrastructural arrangements, as well as security arrangements made by the applicant
- (b) that the applicant has complied with the terms and conditions stipulated in the provisional approval

10. Refusal of licence

The Bank of Ghana may refuse an application for a licence to carry on banking business if the Bank of Ghana is:

- a. not satisfied with the merits of the application, or
- b. in view of prevailing conditions in the banking sector, or
- c. in keeping with its banking policy.

An applicant reserves the right of an appeal to the Minister of Finance.

11. Time limit for decision on application

The Bank of Ghana shall communicate its decision on an application for a banking licence within three months from receipt of complete information.

12. Processing Fee and Licensing Fee

Non-refundable processing fee shall accompany each application as well as a licensing fee before the final issuance of the banking licence as indicated below:

TYPE OF FEE

Processing Fee	GH¢2,000
Licensing Fee	GH¢5,000