

## **APPENDIX 1**

### **LICENSING REQUIREMENTS FOR MICROFINANCE INSTITUTIONS**

#### **A. TIER 2 AND TIER 3 INSTITUTIONS**

##### **1. Restrictions of Eligibility to Corporate Entities**

No person other than a body corporate, incorporated in Ghana, shall be eligible to apply for a licence to carry on Tier 2 or Tier 3 microfinance business.

2. No person shall carry on Microfinance business unless it has obtained from the Bank of Ghana a license for that purpose.

##### **3. Restrictions on shareholding**

- i) Shareholding of microfinance institutions such as Susu companies, Deposit taking financial NGOs and Money lending companies shall be restricted to only Ghanaians.
- ii) Shareholding in non-deposit taking microfinance institutions may be exclusively Ghanaian, exclusively foreign or jointly Ghanaian and foreign.

##### **4. Application procedures**

###### **i) Application for a licence**

Every application for a licence shall be made in writing to the Director, Banking Supervision Department, Bank of Ghana, Accra, and shall be accompanied by:

- [a] A certified true copy of the Certificate of Incorporation and Regulations of the company.
- [b] Names, addresses, occupations of persons who would hold significant shares directly or indirectly in the proposed venture and the respective values of such holdings as well as their corporate affiliations.
- [c] Completed Personal Questionnaire on the particulars of the directors and senior persons to be in-charge of the management of the business, including their background, financial position, business interests and particulars of other business concerns under their control or management.

- [d] A feasibility report including a business plan and financial projections of the company for the first five years of operation.
- [e] Information on capital and sources of funds; and
- [f] Such other particulars as the Bank of Ghana may require.

**ii) Interview**

The Banking Supervision Department shall interview the applicant with respect to the application.

**5. Minimum Paid-Up Capital**

**Tier 2 Activities**

All Tier 2 entities shall require not less than GH¢100,000.00 [One hundred thousand Ghana cedis only] as minimum paid-up capital.

**Tier 3 Activities**

All Tier 3 entities shall require not less than GH¢60,000.00 [Sixty Thousand Ghana cedis only] as minimum paid-up capital.

**6. Approval in principle**

The Bank of Ghana may issue an 'approval-in-principle' 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.

**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.

- ii. Has demonstrated security of the premises, including adequacy of alarm systems, fire extinguishers, vaults or safes, etc.
- iii. Has in place up to date insurance covers – fire, burglary, fidelity guarantee, etc.
- iv. Possesses Operational plans and policies approved by the Board.
- v. Has accounting procedure manuals, computers and appropriate softwares, etc.
- vi. Has in place adequately trained and sufficiently experienced staff as well as competent key personnel;
- vii. Has submitted its first year pre - operating financial statement of affairs.
- viii. Has met any other conditions imposed by the Bank of Ghana.

## **8. Fees**

Tier 2 and 3 microfinance institutions shall pay the following fees:

- i. Processing fee: **GH¢500.00**
- ii. Licence fee: **GH¢1000.00**
- iii. Annual licence renewal fee: **GH¢500.00**

## **B. 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.
- ii. Register as a member or affiliate with the umbrella Association 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**

iii. Licence renewal fee: **GH¢250**

Any enquiry in respect of this Notice may be addressed or directed to:

THE HEAD  
BANKING SUPERVISION DEPARTMENT  
BANK OF GHANA (9<sup>TH</sup> FLOOR, CEDI HOUSE)  
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