

# **BANK OF GHANA**

## **BANKING SUPERVISION DEPARTMENT**

### **REQUIREMENTS FOR NON-BANK FINANCIAL INSTITUTIONS LICENCES**

#### **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 a non-bank financial institution.

2. No person shall carry on the business of a non-bank financial institution unless the Bank of Ghana licenses it.

#### **3. Interview**

The Banking Supervision Department located in the Cedi House [Bank of Ghana Annex] shall first interview the applicant. The applicant may then obtain the prescribed form of application from the Banking Office, Bank of Ghana, High Street, Accra, upon the payment of GH¢2,000.00 [Two thousand Ghana Cedis only] as non-refundable application form and processing fee. A licensing fee of GH¢5,000.00 [Five thousand Ghana Cedis] 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 Director, Banking Supervision Department Bank of Ghana, Accra, and shall be accompanied by:

- [a] A certified true copy of the Regulations or other Instrument, relating to the proposed business, or by or under which any person proposing to carry on such business was established.
- [b] Names, addresses, occupations of persons who would hold significant shareholdings directly or indirectly in the proposed venture and the respective values of such holdings as also their corporate affiliations.
- [c] Completed Personal Questionnaire on the particulars of five [5] directors and senior persons to be in-charge of the management of the said 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 for the first five years and intended areas of specialisation, if any.
- [e] Information on capital and sources of funds; and
- [f] Such other particulars as the Central Bank may require.

## 5. **Minimum Paid-Up Capital**

All institutions which operate under the Financial Institutions [Non-Banking] Law, 1993 [PNDCL. 328] require not less than GH¢1,000,000.00 [one million Ghana cedis only] as minimum capital for non-deposit-taking business and GH¢1,500,000.00 [one million five hundred thousand Ghana Cedis only] for deposit-taking business. In the case of foreign ownership not less than 60% of the required capitalization shall be brought into Ghana in convertible currency.

However in view of the on-going reforms in the industry, new entrants/applicants will be required to raise an initial paid-up capital of GH¢7,000,000 (seven million Ghana cedis) for the establishment of a Non-Bank financial Institution.

## 6. **In Principle Approval**

The Central Bank may issue 'in-principle' 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 the business with integrity, prudence and the required professional competence; and
- [b] the applicant has the initial paid-up capital required to hold a licence.

The Central Bank may issue the final approval and licence to the applicant after satisfying itself that the foregoing conditions and conditions set out in Sections 5.0 and 7.0 have been met.

## 7. **Pre-Operating Conditions**

Approved institutions shall not commence business until they have obtained a Certificate of Specification from Bank of Ghana. Such a certificate shall be issued only upon fulfillment of the

following requirements and demonstration of readiness to commence business by the institution.

- i. Premises:
  - [a] Sufficiency of title deeds/lease agreements
  - [b] Approvals by relevant authorities
  - [c] Adequacy of business premises, staff operating area, ventilation, lighting, etc. and
  - [d] Display of name and other requirements under Section 8 of PNDC Law 328.
- ii. Security of premises including adequacy of alarm systems, fire Extinguishers, vaults or safes, etc.
- iii. Insurance – fire, burglary, fidelity guarantee, etc.
- iv. Operational plans and policies approved by the Board.
- v. Accounting procedures manual. General ledger and subsidiary ledgers.
- vi. Capital stock or shareholder’s register.
- vii. Adequacy of staffing;
- viii. Capital subscribed and received; and
- ix. Competent key personnel [Managers] in place.
- x. Submission of financial statement of affairs.

**8. Licences Issued Under Financial Institutions [Non-Banking] Law, 1993 [PNDC L 328]**

The core lines of business for categories listed in the Schedule to L.328 are as follows:-

	<b>LICENCE</b>	<b>CORE LINES OF BUSINESS</b>
1	Discount House	Trading in short-dated financial securities intermediation between banks, commerce and industry for call deposits to invest in short-dated financial securities.
2	Leasing and Hire-	Financing the acquisition of equipment, vehicles

	Purchase Companies	and consumer durable, etc. through finance lease and/or hire-purchase
3.	Savings and Loans Companies	Deposit-taking and lending to individuals, groups, business enterprises, consumer credit and hire-purchase financing.
	<b>L I C E N C E</b>	<b>CORE LINE OF BUSINESS</b>
4.	Mortgages Finance Companies	Lending funds for residential and commercial property acquisition, up grading of existing property and taking a mortgage on the property financed. Dealing in Securities collateralized by such mortgages.
5.	Building Societies	Mobilizing funds from members for the purpose of assisting members to acquire residential properties and land. Loans extended are secured by Mortgages on the property.
6.	Acceptance Houses	Financial institutions which specialize in accepting bills drawn on them under credit established in favour or approved customers. The substantial part of the business of these houses should consist of accepting bills to finance the trade of others. As acceptors, these houses have to honour and pay the bills drawn at maturity. Basically they should be companies mainly engaged in trade bills and operating in the money market to supplement the discount houses and banks in the short-term market.
7.	Finance Companies	Provide consumer credit, business finance and subscribing to short-term securities.
8.	Credit Union	Financial co-operatives formed to mobilize savings from and lend to its own members.

## 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.

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