

LICENSING REQUIREMENTS FOR RURAL AND COMMUNITY BANKS

An application for a licence to operate a rural bank shall be in writing and addressed to the Head, Other Financial Institutions Supervision Department, Bank of Ghana, Cedi House, Accra.

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 rural banking. Such body corporate should be registered as a **public limited liability company**.

2. No person shall carry on the business of rural banking except by or under the authority of licence issued in accordance with the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)

3. Interview

The Other Financial Institutions Supervision Department located at the Cedi House [Bank of Ghana Annex] may first interview the promoter, proposed directors and key management personnel in the course of the appraisal and may also inspect the books and records of the bank to satisfy itself about the representations made or information furnished by the applicant.

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 '**rural bank**'.
- b. The Company's Regulations detailing the 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.
- c. Where the bank is a member of a corporate group, the following should be provided:
 - i. a complete organizational structure including a diagram of the group
 - ii. direct and indirect affiliates and associates of the bank and
 - iii. the nature of the relationship with the group
- d. Duly completed Personality Note Form (PNF) by at least five (5) directors [two (2) of whom should be independent directors], promoters and key management staff of the said bank. The majority shareholder should not be the board chairman of the company. PNF can be downloaded from the Bank of Ghana website (www.bog.gov.gh/supervisionandregulation/licensingandpolicyguidelines)
- e. a statement on measures and structure on how the applicant intends to ensure that the business is conducted in accordance with sound corporate governance principles.
- f. Particulars of directors, promoters and key management personnel concerned with the management of the banking business including their background, certified

financial position, business interests and performance of the business concerns under their control or management.

- g. Financial data including financial statement and feasibility reports which should contain among others.
 - i. a business plan and financial projections (income statement, balance sheet and cashflow) for the first five (5) years of operations.
 - ii. Details of assumptions upon which the financial projection has been made.
 - iii. Objectives and aims of the proposed rural bank.
 - iv. Justification for the establishment of the rural bank
 - v. Organisational structure of the bank setting out in details the functions and responsibilities of the top management team.
- h. Other information that relates to the viability of the business.
- j. Evidence of community participation in the form of pledges to purchase shares in proposed bank
- k. Evidence of payment of a non-refundable processing fee of GH¢1,000.00 or as may be determined by the Bank of Ghana from time to time.
- l. Documentary evidence of the capital of the proposed bank including the original sources of funds and any other sources of funds.
- m. Criminal Record Certificate from the Criminal Investigation Department of the Ghana Police Service for promoters, directors and key management staff.
- n. Statutory Declaration from each of each proposed director, key management and significant shareholder of the proposed bank stating whether he or she has been :
 - i. ever convicted of any offence by a competent court of jurisdiction, or
 - ii. filed for personal bankruptcy, or
 - iii. disqualified from practicing a profession, or
 - iv. involved in a managerial function of a body corporate or other undertaking that is subject to insolvency or liquidation proceedings
- o. Information on other matters that the applicant considers relevant for the determination of the application and
- p. Such other additional information or particulars which the Bank of Ghana considers relevant or may require for the determination of the application

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

5. **Minimum Paid-Up Capital and shareholding**

The minimum paid-up capital is GH¢1,000,000 [One million Ghana cedis only] or as may be determined by Bank of Ghana from time to time.

NOTE: Not more than 25% of the initial paid-up capital should be in 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].

Restrictions on shareholding

- i) Shareholding of rural banks shall be restricted to only Ghanaians.
- ii) Shareholding limits are:
 - a. Individuals; not exceeding 30% of total shares
 - b. Community participation; not less than 20% of total shares
 - c. Family; not exceeding 40% of total shares
 - d. Corporate bodies; not exceeding 50% of total shares

For corporate entity participation, the following additional information is required:

- The feasibility report supported with the last three (3) years audited financial statements of the corporate entity.
- Profile of the corporate shareholder(s) including its directors and shareholders and three (3) years audited accounts of the company.
- Board resolution authoring share subscription in the proposed bank should be submitted.

The Bank of Ghana reserves the right to vary the capital requirement and request for dilution of the shareholding at any time.

6. Provisional Approval

The Bank of Ghana may issue provisional approval for a period of one (1) year 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. 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 arrangement made by the applicant and
- b. that the applicant has complied with the terms and conditions stipulated in the provisional approval.

8. 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 not satisfied with the merits of the application or in view of prevailing conditions in the banking sector or in keeping with its banking policy.

An applicant reserves the right of an appeal in accordance to section 140 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

9. Time limit for decision on application

The Bank of Ghana shall communicate its decision on an application for a banking licence within six (6) months from the receipt of complete information.

10. Processing and Licensing Fees

Rural Banks shall pay processing fees which shall accompany each application and licensing fees which shall be paid before the final issuance of the banking licence as indicated below or as may be determined by the Bank of Ghana:

- a. Non-refundable processing fee: **GH¢1,000.00**
- b. Non-refundable initial licensing fee: **GH¢1,000.00**
- c. Annual licence renewal fee: **GH¢1,000.00 which should be paid by January 31 of each year.**

11. 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:

Licences granted by Bank of Ghana are **NOT** transferable or assignable.

The Bank of Ghana may revoke a licence granted to a company if:

- (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.

FOR FURTHER INFORMATION PLEASE CONTACT:

THE HEAD
OTHER FINANCIAL INSTITUTIONS SUPERVISION DEPARTMENT
BANK OF GHANA
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