



## **BANK OF GHANA**

**NOTICE NO. BG/GOV/SEC/2021/04**

### **DIRECTIVE ON LICENCE AND CAPITAL REQUIREMENTS FOR DEVELOPMENT FINANCE INSTITUTIONS PURSUANT TO THE DEVELOPMENT FINANCE INSTITUTIONS ACT, 2020 (ACT 1032)**

This Directive is issued under section 6 of the Development Finance Institutions Act, 2020 (Act 1032).

#### **A. Eligibility**

- 1) A person who seeks to carry on a development finance business shall be a body corporate formed under the Companies Act, 2019 (Act 992). No person shall carry on a development finance business as defined under the Act unless that person is licensed by the Bank of Ghana.

#### **B. Application for Licence**

- 1) A person who seeks to carry on a development finance business shall apply in writing to the Bank of Ghana for a licence pursuant to the relevant provisions of the Development Finance Institutions Act, 2020 (Act 1032).
- 2) An application for a licence shall be accompanied with the following:
  - (a) The official name of the institution for which the licence is requested.
  - (b) The applicant's authorised business as registered at the Companies Registry.
  - (c) A list of all shareholders and ultimate beneficial owners of the applicant, and for each, their names, the respective values of the shares they hold in the applicant (and whether such shares are fully paid up or not), addresses, occupations (in case of individuals), authorised business (in case of corporate bodies), professional or business history, certified financial positions, Tax Identification Number (TIN), tax clearance certificate and corporate affiliations.
  - (d) Where the applicant is a member of a corporate group
    - i. a complete organisational structure including a diagram of the group;
    - ii. direct and indirect affiliates and associates of the applicant, and
    - iii. the nature of the relationship of the applicant to the group.

- iv. Tax Identification Number (TIN), tax clearance certificate, where applicable.
- (e) The particulars of the proposed directors and key management personnel concerned with the management of the applicant, including, for each person:
- i. their qualifications and experience relevant to development finance business,
  - ii. business and professional history for the preceding ten years or a longer period that the Bank of Ghana may determine,
  - iii. certified financial position,
  - iv. business interests; and
  - v. the performance of the business concerns under their control or management,
  - vi. Tax Identification Number (TIN), tax clearance certificate.
- (f) A shareholders' resolution approving the application for a development finance institution licence, certified true copy of the Constitution of the Company or other relevant legal instrument under which the applicant was established.
- (g) Feasibility report including the specific development financial activity intended, and a business plan and financial projections for the first five years.
- (h) Documentary evidence of the equity capital of the applicant, including the original sources of funds and any other source of funds.
- (i) In the case of a foreign applicant, an authenticated copy of the certificate of incorporation and the Company Constitution or other relevant instrument and by-laws or similar documents of the parent company.
- (j) A statement on measures and structures that the applicant intends to adopt to ensure that business is conducted in accordance with sound corporate governance principles.
- (k) A statutory declaration of each proposed director, key management personnel and significant shareholder of the applicant, disclosing, where applicable,
- i. a conviction for an offence by a court of competent jurisdiction in any jurisdiction,
  - ii. a personal bankruptcy filing,
  - iii. a disqualification or suspension from practising a profession, or
  - iv. details of any past or present role as a shareholder, director, or manager of a body corporate or other undertaking that is subject to insolvency, liquidation, receivership, or other resolution proceedings in any country.

- (l) Any other particulars that the Bank of Ghana may require in writing.
- 3) An application for a licence shall indicate clearly the type of development finance licence that is being applied for.
  - 4) The Bank of Ghana may, for the purpose of verifying the particulars submitted
    - (a) interview a promoter, shareholder, current or proposed director or key management personnel in the course of the verification, and
    - (b) inspect the books, records and premises intended for use by the applicant.
  - 5) Where a document submitted to the Bank of Ghana is not in the English language, the document shall be accompanied with a certified translation in English.
  - 6) The Bank of Ghana may require that information supplied to the Bank of Ghana be verified, certified or otherwise authenticated in the manner that the Bank of Ghana may determine.
  - 7) The Bank of Ghana shall
    - (a) within ten working days of the receipt of an application acknowledge in writing the receipt of the application; and
    - (b) within six months after the receipt of an application communicate its decision in writing to the applicant.
  - 8) Where the Bank of Ghana is of the opinion that further investigation or information is required to process the application, the Bank of Ghana shall within fourteen (14) days after the six-month period specified above, notify the applicant and shall within three (3) months inform the applicant in writing of the decision of the Bank of Ghana.

**C. Minimum Paid-Up Capital and Application Processing Fees**

- 1) Class 1 (Wholesale development finance institution) licence will require an initial minimum paid-up capital of GH¢800,000,000 (Eight Hundred Million Ghana Cedis).
- 2) Class 2 (Retail development finance institution) licence will require an initial minimum paid-up capital of GH¢600,000,000 (Six Hundred Million Ghana Cedis).

- 3) Class 3 (Guarantee development finance institution) licence will require an initial minimum paid-up capital of GH¢300,000,000 (Three Hundred Million Ghana Cedis).
- 4) For Class 4 development finance institution licence, the initial minimum paid-up capital will depend on the development finance activities that the development finance institution intends to undertake (combinations of Wholesale, Retail and Guarantee)
  - (a) Class 4a (Wholesale, Retail and Guarantee development finance institution) will require an initial minimum paid-up capital of One Billion, Two Hundred Million Ghana Cedis (GH¢1,200,000, 000);
  - (b) Class 4b (Wholesale and Retail development finance institution) will require an initial minimum paid-up capital of One Billion Ghana Cedis (GH¢1,000,000,000);
  - (c) Class 4c (Wholesale and Guarantee development finance institution) will require an initial minimum paid-up capital of One Billion Ghana Cedis (GH¢1,000,000,000); and
  - (d) Class 4d (Retail and Guarantee development finance institution) will require an initial minimum paid-up capital of Eight Hundred Million Ghana Cedis (GH¢800,000,000).
- 5) In the case of full or majority foreign ownership, not less than 60% of the required capitalization or contribution shall be brought into Ghana in convertible currency.
- 6) Payment of an application processing fee of GH¢20,000 (Twenty Thousand Ghana Cedis) through Payment Order with the Bank of Ghana as the Payee.

#### **D. Provisional Approval**

- 1) The Bank of Ghana may issue a provisional approval for a specified licence to an applicant on terms and conditions that the Bank of Ghana considers appropriate, if the Bank of Ghana is satisfied that
  - (a) the applicant will carry on business with integrity, prudence and the required professional competence,
  - (b) the applicant has and will maintain at all times an unimpaired paid up capital,
  - (c) where the applicant is a subsidiary of a foreign company, the applicant will maintain at all times within Ghana the required capital in the form of funds transferred from abroad together with other funds that may be determined by the Bank of Ghana.

- 2) Where a provisional licence has been issued, the Bank of Ghana may issue the final licence to the applicant after satisfying itself that the conditions above and those set out in **E** below have been met.

#### **E. Pre-Operating Conditions**

- 1) The Bank of Ghana shall not issue a licence to an applicant unless the Bank of Ghana is satisfied that:
  - (a) the feasibility report submitted by the applicant is based on sound analysis and prudent, reasonable assumptions;
  - (b) the premises for the proposed development financial institution has:
    - i. sufficient title deeds/lease agreements
    - ii. approvals by relevant authorities
    - iii. adequate business space, staff operating area, ventilation, lighting, etc.
    - iv. adequate security of premises including adequacy of alarm systems, vaults or safes, etc.
    - v. insurance against fire, burglary, fidelity guarantee, etc.
  - (c) structures and processes for governance, including accounting, risk management, and internal control systems and records of the applicant are adequate;
  - (d) the significant shareholders are suitable and the ownership structure of the applicant will not hinder effective supervision, including supervision on a consolidated basis;
  - (e) the paid-up capital of the applicant meets the requirements set out herein and the original sources of capital are acceptable.
  - (f) the proposed directors and key management personnel of the applicant are fit and proper persons;
  - (g) the applicant is not a shell company;
  - (h) the applicant has complied with the requirements under Development Finance Institutions Act, 2020 (Act 1032), any other relevant law, regulations; and Directives or other legal instruments issued by the Bank of Ghana under the Development Finance Institutions Act, 2020 (Act 1032), and any conditions that the Bank of Ghana may impose.

#### **F. Conditions for issuance of licence**

- 1) A licence issued under the Development Finance Institutions Act, 2020 (Act 1032), shall be subject to conditions that the Bank of Ghana may impose.

- 2) The Bank of Ghana may, where necessary, and in accordance with the Development Finance Institutions Act, 2020 (Act 1032), restrict the activities in which a development finance institution is permitted to engage.

**(SGD.)  
SANDRA THOMPSON (MS)  
THE SECRETARY**

**18<sup>TH</sup> MARCH 2021**

PUBLIC