

BANK OF GHANA

BANKING SUPERVISION DEPARTMENT

GUIDELINES FOR RURAL BANKING LICENCE

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 banking in Ghana.

2. No person 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 Act, 2004 (Act 673).

3. Application for Licence

A. Every application for a licence shall be made in writing to the Central Bank and shall be accompanied by:

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

ii) Names, addresses and occupations of persons including their corporate affiliations who would hold significant shareholdings directly or indirectly in the proposed banking venture and the respective values of such holdings as also their corporate affiliations.

iii) Particulars of first directors 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.

(iv) Statutory Declaration from each of the first directors stating whether she or he had

- ever been convicted of any offence by a competent court of jurisdiction, or
- censured, disciplined or warned as to their conduct, or
- publicly criticised or made the subject of a court order at the instigation of any regulatory body in which she/he belongs.

(v) Each first director should submit a Criminal Record Certificate from the Criminal Investigation Department of the Ghana Police Service.

vi) Feasibility reports including a business plan and financial projections for the first five years and areas of specialisation, if any, intended.

vii) Capital and sources of funds.

viii) Such other particulars as the Central Bank may require.

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

4. Permissible Activities of Banks

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

- (a) *Acceptance of deposits from the public.*
- (b) *Lending.*
- (c) *Inward money transmission services.*
- (d) *Any other services as the Bank of Ghana may determine.*

5. Capitalisation

The promoter shall ensure that a minimum paid-up capital of ₵500million is available as part of the conditions for provisional approval.

The shareholding limits are;

- a. Individuals – not exceeding 30% of total shares,
- b. 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 years audited financial statements of the corporate entity, and
- Board resolution authorising share subscription in the proposed bank.

The Central Bank reserves the right to vary the capital requirements at any time.

6. Provisional Approval

The Central Bank may issue provisional approval for the issuance of a licence 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 under section 5, to hold a licence.

The applicant may then proceed to do the following:

- a. 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.
- b. Acquisition of stationery and other logistics to support the bank's operations,
- c. Submission of operational and policy manuals on the banking activities,
- d. The submission of audited pre-operating accounts (i.e. statement of affairs) including a full list of shareholders and their contributions,
- e. The submission of operational budget for the first year,
- f. Collection of manuals from the Banking Supervision Department to guide the operations of the proposed bank,
- g. Recruitment and induction of staff to banking operations.
- h. Collection of personal questionnaire forms for Directors of the proposed bank from the Bank of Ghana for completion and return.

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

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 arrangements 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 to the Minister of Finance.

9) **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.

10) **Processing Fee and Licensing Fee**

Non-refundable processing fees which shall accompany each application and licensing fees shall be paid before the final issuance of the banking licence, are indicated below:

<u>Type of Fee</u>	<u>Amount</u>
Processing fee	¢1.0million
Licensing Fee	¢5.0million