



**BANK SUPERVISION DIVISION**

**MINIMUM LICENCE RENEWAL  
REQUIREMENTS FOR  
MONEYLENDING AND CREDIT-ONLY  
MICROFINANCE INSTITUTIONS**

June 2018

**A. GENERAL REQUIREMENTS**

1. Submit application for renewal of licence **at least two months before expiry of the running licence.**
2. Applicants should pay a non-refundable licence renewal application fee of **\$300** into the Reserve Bank Account: **PL52041** through a cash deposit in the Reserve Bank banking halls, or via an RTGS transfer. A copy of the deposit / RTGS slip should be attached to the application documents.
3. An application should be accompanied by **professionally prepared annual financial statements for past year** and management accounts where applicable.
4. The application should be accompanied by financial projections (balance sheet, income statement and cash flow statement) for the following year, together with macroeconomic assumptions used in compiling the financial projections.
5. The applicant institution should also submit a schedule of debtors (soft copy or hard copy) showing the breakdown capital balance, interest and other charges.
6. The Reserve Bank will renew licences for institutions demonstrating potential viability and ethical conduct of business.

**DISCLOSURE REQUIREMENTS...**

7. At the time of application for renewal of licence, credit-only microfinance institutions should disclose to the Reserve Bank any changes pertaining to:
  - a) Shareholding / Ownership Structure;
  - b) Board resignations or additional appointments or replacements, and reasons for the changes as well as changes in senior management staff (where the Reserve Bank was not informed of such changes during the period of the current licence);
  - c) In line with Circular to Moneylending, Credit-only and Deposit-taking Microfinance Institutions, No:02/2017/BSD, at renewal all (new and existing) shareholders and directors and senior management are required to submit the documentation listed below for vetting purposes:

- i. Certified copy of National Registration document or national identity documents;
  - ii. Statement of net worth;
  - iii. Police Clearance Certificate (less than six months old);
  - iv. Curriculum Vitae (in the case of individual shareholders);
  - v. Zimbabwe Revenue Authority (ZIMRA) Tax Clearance Certificate (less than 12 months);
  - vi. Affidavits on fitness and probity, (*see Appendix A attached*); and
  - vii. Any other document that the Reserve Bank may deem necessary.
- d) **All vetting documents being submitted from any other jurisdiction outside Zimbabwe will need to be notarized and authenticated by a duly registered Notary Public.**
- e) In addition, new and existing corporate shareholders should submit certified copies of their Memorandum & Articles of Association, Certificate of Incorporation, Forms CR2, and CR14, as well as audited financial statements for the past two (2) years;
- a) Any challenges faced by the institution during the past year should be explained, together with the strategies put in place to overcome the challenges;
  - b) Breakdown of the loan portfolio by sectors (e.g. mining, retail, agriculture, consumption, etc); and
  - c) All sources of income or funding should be fully disclosed by submitting documentary evidence which may include copies of the facility letters and shareholders' loan agreements.

## **B. ADDITIONAL REQUIREMENTS**

8. MFIs/MLIs are required to ensure that they meet the minimum capital requirement for microfinance and moneylending institutions at all times. Applicants are expected

to have capital levels of at least \$20, 000 which will be \$50,000 effective 1 January 2020.

9. In line with international best practice, the eligible capital components for minimum capital purposes are:
  - i. Issued ordinary share capital;
  - ii. Share premium;
  - iii. Irredeemable & Non-cumulative Preference Shares;
  - iv. Retained Profits; and
  - v. Current year retained earnings.
10. Applicants are also required to submit credit or operational policy and procedure manual incorporating adequate guidance to employees on procedures to be followed to ensure compliance with the microfinance Core Client Protection Principles.
11. The applicant institution should submit details of all complaints received during the past year and how the institution resolved them. In addition, the institution should indicate what measures were put in place to avoid recurrence of the complaints.
12. Further applicants are expected to submit justification of all charges (itemised) bringing out reasons and how they determined the charges being leveled on borrowing clients including interest rate.
13. A current tax clearance certificate for the applicant institution should also be submitted.

**Promoters should note that any falsification and misrepresentation of facts would not only lead to denial of the applied licence but also to the blacklisting of the offending individuals.**

## APPENDIX A

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### AFFIDAVIT OF FITNESS AND PROBITY

I, [insert name, national registration number] of [insert physical address], do hereby make oath and state that:

1. [insert declarations as to directorships in other companies];
2. [insert declarations as to shareholding in other companies (including shareholding in a related subsidiary, whether held directly or indirectly through other interests)];
3. [insert declarations as to whether you have the appropriate qualification and experience to effectively fulfil the role and responsibilities of the position and attach *curriculum vitae*];
4. [insert declarations as to whether you are assuming concurrent responsibilities and how you will manage conflict of interest and ability to discharge your duties];
5. [insert declarations as to whether you are or have been the subject of any proceedings of a disciplinary or criminal nature, or have been notified of any impending proceedings or of any investigations, which might lead to such proceedings];
6. [insert declarations as to whether you are or have been the subject of civil or financial crime within the last five (5) years or enforcement action, in relation to the management of an entity, or commercial or professional activities, which were determined adversely against you (including consenting to an order or direction, or giving an undertaking, not to engage in unlawful or improper conduct)];
7. [insert declarations as to whether you have faced criminal convictions or served sentences and whether you have been granted free pardons, whether in Zimbabwe or any other country];

8. [insert declarations as to whether you have contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice];
9. [insert declarations as to whether you have contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies];
- 10.[insert declarations as to whether you or any business in which you have a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately];
11. [insert declarations as to whether you have been engaged in any business practices in a negligent, deceitful, oppressive or otherwise improper (whether unlawful or not), or otherwise discreditable business or professional practices];
- 12.[insert declarations as to whether you have been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated];
- 13.[insert declarations as to whether you have made any arrangements or composition with your creditors, filed for bankruptcy, been adjudged bankrupt, had assets sequestrated, or been involved in proceedings relating to any of these];
- 14.[insert declarations as to whether you have held a position of responsibility in the management of a business that has gone into insolvency, or liquidation while you were connected with that business and whether you contributed to receivership, insolvency, or liquidation];
- 15.[insert declarations as to whether you have been a director of, or directly concerned in the management of, any institution which is being or has been wound up by a court or other authority competent to do so, or of any regulated

entity, the licence of which has been revoked under any written law and whether you contributed to the winding up];

16.[insert declarations as to whether you have non-performing loans with any banking institution, building society, microfinance institution or other lending institution in Zimbabwe or outside Zimbabwe];

17.[insert declarations as to whether you have any judgement debts in Zimbabwe or outside Zimbabwe or bad debts with retailers, utility companies or any other credit service provider in Zimbabwe or outside Zimbabwe]; and

18.[Insert declarations as to whether you are free from any business or other relationship which could materially pose a conflict of interest in discharging your duties as an appointed person within the institution].

SWORN TO AT ..... THIS ..... DAY OF ..... [YEAR] .....

SWORN TO BY .....  
[NAME OF PERSON DEPOSING TO THE AFFIDAVIT]

.....  
[SIGNATURE OF PERSON DEPOSING TO THE AFFIDAVIT]

BEFORE ME: .....  
[COMMISSIONER OF OATHS]

THIS ..... DAY OF ..... [YEAR] .....