

RESERVE BANK OF ZIMBABWE



BANK SUPERVISION DIVISION

MINIMUM LICENCE RENEWAL REQUIREMENTS
For
MONEYLENDING & MICROFINANCE INSTITUTIONS

A. GENERAL REQUIREMENTS

1. Submit application for renewal of licence **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: **2 0 5 3 5 0 7** 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 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 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, 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) Any **new** shareholders should submit Networth Statements, Police Clearance and copy of national identity card in the case of individual shareholders, Tax Clearance Certificates and Affidavits relating to insolvency proceedings, civil and criminal judgments, (see *Annexure attached*);

- d) In addition, new 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 at least the past year;
- e) All new directors and senior management should submit original Police Clearance certificates, certified copies of national identity cards, Tax Clearance Certificates and Affidavits (*see Annexure*), Networth Statements and detailed curriculum vitae;
- f) Any challenges faced by the institution during the past year should be explained, together with the strategies put in place to overcome the challenges;
- g) Breakdown of the loan portfolio by sectors (e.g. mining, retail, agriculture, consumption, etc); and
- h) 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 (issued and paid up capital plus retained profits/(loss)) of at least \$20, 000.
- 9. 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.
- 10. 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.

11. 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.

RESERVE BANK OF ZIMBABWE

APPENDIX A
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 fulfill the role and responsibilities of the position and enclose *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 license 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 sequestered, 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]; and

17. [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 ATTHIS.....DAY OF[YEAR].....

SWORN TO BY.....

SIGNATURE

BEFORE ME:.....

COMMISSIONER OF OATHS

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