

RESERVE BANK OF ZIMBABWE



BANK SUPERVISION DIVISION

LICENSING REQUIREMENTS FOR MONEYLENDING INSTITUTIONS

2015

MINIMUM REQUIREMENTS FOR MONEYLENDING INSTITUTIONS

1. Completed Application Form accompanied by proof of payment of a registration fee of **US\$300.00** 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.
2. Certified copy of Certificate of Incorporation, Memorandum and Articles of Association with one of the objects being moneylending.
3. No applications will be accepted from Partnerships.
4. Only names that are registered with the Registrar of Companies shall be used. No **“trading as”** names shall be accepted.
5. If owned by NGO, a certified copy of welfare or Private Voluntary Organisations (PVO) certificate
6. NGOs and Trusts should register separate moneylending company with own board of directors and management
7. Individual shareholders (with at least 5% shareholding), directors and senior management, should submit Net worth Statements, Tax Clearance Certificates, Police Clearance Certificates and affidavits, containing declarations as per the Reserve Bank of Zimbabwe’s Affidavit of Fitness And Probity (see Appendix A)
8. Corporate Shareholders (with at least 5% shareholding) should submit copies of audited financial statements for the past two years and Tax Clearance Certificate.

9. Tax Clearance Certificates and Affidavits relating to insolvency proceedings, civil and criminal judgments in respect of all Senior Managers and board members should be submitted (see Appendix A).

10. Capital:

- a) Paid-up equity share capital of at least **US\$20 000.00**, with proof of the capital being registered with the Registrar of Companies which will be increased to **\$50,000,00 by 31 December 2020**.
- b) For greenfield applications there should be proof of cash injection and of registration of the capital with the Registrar of Companies, in the form of copies of Forms CR 5, CR11 (where capital has been increased), CR 2 and receipt for payment of stamp duty. Proof of where capital funds are invested or deposited should also be submitted.
- c) For operating entities
- i. Balance sheet capital figure should be in excess of US\$20 000.00. The institutions should also indicate the availability of working capital.
 - ii. Copies of Forms CR 5 & CR 11 and receipt from Registrar of Companies should be submitted as proof of increase in nominal (authorised) share capital, where applicable.
 - iii. A list of current debtors indicating name of borrower, amount borrowed, purpose of loan and age analysis.
- d) A recent bank statement covering the past three months should be submitted. Where the applicant is a greenfield project, a bank statement in the name of the applying company should be submitted.
11. Detailed C.Vs for senior managers and directors, with a minimum of Bookkeeping Certificate, 'O' Level Accounts and relevant experience. If the services of a Bookkeeper are being outsourced, attach detailed C.V and letter of acknowledgement from the same.

12. Shareholders Limits: Individual effective shareholding is limited to a maximum of 50%.
13. Where the applicant moneylender is a member of a Group of Companies, a Group Corporate Structure showing all the subsidiaries and associate companies should be submitted.
14. A minimum of two directors. For family-owned institutions, it is recommended that at least one independent director be appointed to the board.
15. An organizational structure for the moneylending institutions with names of senior managers inscribe therein.
16. Comprehensive Complaints Procedure (after licensing it has to be kept visible to the clients). Each complaint should be in written form.

CONTENTS OF BUSINESS PLAN OF APPLICANT MONEYLENDING INSTITUTION

1. Identifying information:

- a) Name and location of the applicant Moneylender which should include the physical addresses of all branches. Copy of Lease Agreement for Head Office and all Branches should be submitted.
- b) A brief background and resumes of managers and/or owners of the moneylending institution

2. Market analysis:

- a) Identification of the market(s) to be served by the applicant moneylender
- b) Description of developmental value of the applicant moneylender

3. Business strategy and objectives:

- a) Brief description of the services to be offered by the applicant moneylender

4. Projected financial statements for the next two years of operation which should be accompanied with economic and financial assumptions on economic growth, inflation, interest rates, provision for bad debts ratio, etc;

5. Other requirements in the business plan

- a) Information pertaining to minimum and maximum loan sizes per corporate and/or per individual and maximum loan maturity period,
- b) Breakdown of charges i.e. interest rates, administrative costs, etc. and justification therein,
- c) indicate who are the debt collectors (where applicable) and attach copy of their license/certificate.
- d) Copies of the Lease Agreements for business premises (head office and branches, if any).
- e) Names of the external auditors and legal advisors,
- f) Submission of a copy of the Loan Agreement which the institution intends to use. The Loan Agreement must comply with The Microfinance Act [*Chapter 24:29*] and the Reserve Bank Circular to microfinance institutions dated 4 June 2012 which is available on the Reserve Bank website.
- g) Lending or Operational Policy and Procedure Manual to provide guidance to employees on lending and practical steps to be followed to ensure compliance on an ongoing basis with the microfinance Core Client Protection Principles and Code of Conduct outlined in the Microfinance Act [*Chapter 24:29*].

****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
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]