

GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 3 OF 2006

The Banking and Financial Services Act

(Laws, Volume 21, Cap. 387)

The Banking and Financial Services (Microfinance) Regulations, 2006

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Title

Interpretation

FIRST SCHEDULE

SECOND SCHEDULE

IN EXERCISE of the powers contained in section *one hundred and twenty-four* of the Banking and Financial Services Act, and on the recommendation of the Bank of Zambia, the following Regulations are hereby made:

PART I

PRELIMINARY

1. These Regulations may be cited as the Banking and Financial Services (Microfinance) Regulations, 2006.

2. In these Regulations, unless the context otherwise requires

—
 “borrower” means a person who has concluded a loan agreement with a microfinance institution;

“common bond institution” means a microfinance service provider whose members are natural persons drawn exclusively from a pre-existing social, economic or professional organisation or group linked to any other financial institution by common ownership or control by management, *dejure* or *defacto*, and where each member has an equal number of voting rights;

“credit facility” means —

(a) the granting by a microfinance institution of an advance, loan or other facility which enables a customer of the microfinance institution to access funds or financial guarantees; or

(b) the incurring of liabilities by a microfinance institution on behalf of a customer with their prior written consent as a mechanism for loan disbursement;

“ de facto ” control of a microfinance institution by a person means direct or indirect influence of any kind that, results in a person controlling the microfinance institution and includes any powers exercisable over another microfinance institution by virtue of such influence;

“ de jure ” control of a microfinance institution means beneficial ownership of more than fifty per centum of any class of the issued voting shares of a microfinance institution;

“ deposit ” means an amount of money paid to a bank or microfinance institution in respect of which:

(a) an equal amount or any part thereof is conditionally or unconditionally repayable with or without a premium, on demand or at specified or unspecified dates or on other terms agreed by or on behalf of the person making the payment and the microfinance institution receiving it; or

(b) no interest is payable or interest is payable at specified or unspecified intervals, notwithstanding that the payment is limited to a fixed amount or that a transferable or non-transferable certificate or other instrument providing for the repayment of the amount referred to in paragraph (a) or the interest referred to in this paragraph is issued in respect of that amount or interest;

“ group guarantee ” means an agreement by a group of microfinance borrowers to be held jointly or severally liable for loan repayments in order to secure credit facilities;

“ lender ” means a person, who, as part of business, advances micro credit facilities;

“ licence ” means a licence issued under Part III of these Regulations;

“ loan agreement ” means an agreement, acknowledgment of a debt, or any other lending instrument concluded between

a lender and a borrower;

“low income customer” means a person who is economically active, receives low income and does not have access to formal financial institutions;

“micro credit” means a credit facility that does not exceed five per centum of the primary capital of a licenced microfinance institution, as prescribed by the Bank of Zambia;

“microfinance institution” means a person who, as part of their business, advances micro credit facilities;

“microfinance service” means the provision of services primarily to small or micro enterprises or low income customers and includes the following:

(a) the provision of credit facilities usually characterised by frequent repayments; and

Cap. 388

(b) the acceptance of remittances and any other services that the Bank of Zambia may designate;

Cap. 119

“non current account deposits” includes —

Act No. 20
of

(a) savings;

(b) money market instruments;

(c) term deposits; and

(d) non current account savings;

“non current account savings” means deposits in retail savings accounts and includes passbook savings;

“person” includes an individual, a company, a partnership, an association, and any other group of persons acting in concert, whether incorporated or not; and

Application

“primary regulator” means—

(a) the Registrar of Companies appointed under the Companies Act;

(b) the Registrar of Societies appointed under the Societies Act; or

(c) the Registrar of Co-operatives appointed under the
Co-operative Societies Act;

Authority of
Bank
of Zambia

“ Registrar ” means the person appointed as Registrar of
Banks, Financial Institutions and Financial Businesses
under section *twenty* of the Act;

Power of
Bank of
Zambia to
call for
information

“ savings ” means a sum of money provided by a borrower as
a partial guarantee or as a precondition of a loan, and the
immediate placement of such money in a bank or deposit
taking financial institution licenced under section *ten* of
the Act, for the period of the loan; and

Prohibition
of
unlicensed
microfinance
services

“ term deposit ” means a savings instrument payable upon
maturity or which may be discounted upon notice within
three hundred and sixty days.

Application
for
licence

3. (1) These Regulations shall apply to—
- (a) deposit taking microfinance institution; and
 - (b) non deposit taking microfinance institutions that meet the minimum capital requirements as prescribed by the Bank of Zambia under regulation 26.
- (2) A non deposit-taking microfinance institution that does not meet the minimum capital requirements as prescribed by the Bank of Zambia under regulation 26 shall—
- (a) be regulated by its primary regulator; and
 - (b) be required to register as a microfinance institution with such body as may be designated by the Bank of Zambia.

PART II

AUTHORITY OF THE BANK OF ZAMBIA

4. (1) The Bank of Zambia shall, for the purposes of these Regulations, be the regulatory authority.

(2) The Bank of Zambia may, subject to such conditions as the Bank of Zambia may consider necessary, delegate to any person the performance of any of the powers conferred upon the Bank of Zambia, in these Regulations.

5. The Bank of Zambia may require a microfinance institution to furnish details of any of its operations.

PART III
LICENSING

6. (1) Subject to subregulation (2) of Regulation 3, a person, other than a microfinance institution licenced under these Regulations shall not conduct any microfinance business.

(2) Any person who contravenes sub-regulation (1) commits an offence and shall be liable, upon conviction, to a fine not exceeding fifty thousand penalty units or to imprisonment for a term not exceeding two years, or to both.

7. (1) A person who intends to establish a microfinance institution shall apply to the Registrar for a licence in Form MF1, as set out in the First Schedule.

(2) An application for a licence shall be accompanied by a non-refundable application fee and the following documentation or information:

- (a) evidence of incorporation, where applicable;
- (b) designation of voting rights;
- (c) physical and postal address of its head office;
- (d) a directors' questionnaire in Form MF2, as set out in the First Schedule;
- (e) a copy of the business plan;
- (f) the name and address of the person's auditors who shall be subject to the approval of the Bank of Zambia;
- (g) the name and address of the person's bankers; and
- (h) any other information that the Bank of Zambia may require.

Scope and duration of licence

Display of licence

8. (1) The Registrar shall, within one hundred and eighty days from the date of receipt of a complete application for a licence, consider the application.

(2) Where the Registrar is satisfied that the applicant has satisfied the requirements for licensing as a microfinance institution under these Regulations, the Registrar shall approve the application.

(3) The Registrar shall, where an application is approved and upon payment of a fee by the applicant, issue the applicant with a licence in Form MF3, as set out in the First Schedule.

Restriction on transfer

(4) A microfinance institution shall pay an additional fee for each additional branch.

(5) Where the Registrar is not satisfied that the applicant has complied with the requirements for licensing as a microfinance institution under these Regulations the Registrar may refuse to grant a licence.

(6) Any person aggrieved by the decision of the Registrar not to grant a licence under these Regulations, may appeal against the decision in accordance with Chapter VIII of the Act.

Revocation
of
licence

9. (1) A licensee shall conduct the business of a microfinance institution at the place of business specified in the licence.

(2) A licence shall remain valid unless it is revoked or surrendered to the Registrar or it expires.

(3) A licence may be issued subject to such terms and conditions as the Registrar, may impose in accordance with the Act and these Regulations.

10. (1) A microfinance institution shall display or exhibit its licence in a conspicuous place on the approved premises where it conducts its business.

(2) A microfinance institution shall display a certified copy of its licence in a conspicuous place on the premises of every branch where it conducts its business.

(3) A person who contravenes sub-regulation (1) or (2) commits an offence and shall be liable, upon conviction, to a fine not exceeding fifty thousand penalty units or to imprisonment for a term not exceeding one year, or to both.

11. (1) A licence shall not be transferred, assigned or encumbered in any way:

Provided that a licence may be transferred in the event of an amalgamation or similar corporate restructuring transaction, on such terms and conditions as the Bank may approve.

(2) A person shall not operate or manage a microfinance institution on behalf of another person, without the prior written approval of the Bank of Zambia.

(3) Any person who contravenes sub-regulation (1) or (2) commits an offence.

12. (1) The Registrar may revoke a licence if —

(a) it appears to the Registrar that the information provided in the application for the licence is fraudulent or contains a materially false statement;

(b) the licensee has failed, within a period of twelve months from the date of issuance of the licence, to commence to conduct business under the licence;

(c) the licensee is seriously or persistently in breach of any provision of these Regulations;

(d) the licensee has failed to comply with any condition of its licence or with any directive of the Bank of Zambia;

(e) the licensee has ceased to conduct the business authorised by its licence;

(2) Where a licence is revoked, the licensee shall surrender to the Registrar each copy of the licence on display in every place of business of the licensee and the Registrar shall as soon as practicable publish a notice of the revocation in the *Gazette* and in a newspaper of general circulation in Zambia.

Licensee to
honour
obligations
inspite of
revocation of
licence

Categories
of
micro
finance
institutions

(3) The Bank of Zambia may take such additional steps as it considers necessary to inform the public of the revocation.

(4) Any person aggrieved by the decision of the Registrar to revoke a licence may appeal to the Tribunal constituted under section *one hundred and thirteen* of the Act.

(5) A decision of the Registrar shall remain in force unless reversed by the Registrar or set aside by the Tribunal or the High Court.

(6) A person whose licence is revoked shall not continue to operate as a microfinance institution or conduct any microfinance business.

(7) Any person who contravenes sub-regulation (6) commits an offence and shall be liable, upon conviction, to a fine not exceeding fifty thousand penalty units or imprisonment for a term not exceeding two years, or to both.

13. The revocation of a licence shall not relieve the licensee of any obligation incurred or assumed by the licensee during the period of validity of the licence.

Services to be provided by deposit taking microfinance institution

Services to be provided by non deposit taking microfinance

Applicant to designate persons to cover losses etc.

PART IV

CATEGORIES OF MICROFINANCE INSTITUTIONS

14. Subject to the other provisions of these Regulations, the Registrar may grant a licence for the following categories of microfinance institutions:

- (a) deposit taking microfinance institutions; and
- (b) non deposit taking microfinance institutions.

Prohibition of change of category without approval of

Change of category of licence

15. A deposit taking microfinance institution may provide any of the following services:

- (a) credit facilities;
- (b) linkage banking;
- (c) in-country transfers;
- (d) savings; and
- (e) such other service as the Bank of Zambia may prescribe.

Structure of microfinance institution

Management of microfinance institution 16. A non-deposit taking microfinance institution shall not provide services other than credit facilities.

Systems of internal control 17. An applicant for a deposit taking microfinance institution or a non-deposit taking microfinance institution that is not a company, shall be required to—

Qualification of director or person in management of microfinance institution

(a) designate the persons legally bound to cover losses and capital calls; and

(b) fulfil the requirements of section *thirty-seven A* of the Act, as prescribed by the Bank of Zambia.

18. Subject to the provisions of these Regulations a microfinance institution shall not change the category for which it is licenced without the approval of the Registrar.

19. (1) A microfinance institution which intends to change the category of its licence shall apply to the Registrar for the change ninety days prior to the intended change.

(2) An application under sub-regulation (1) shall be in Form MF4 as set out in the First Schedule.

PART V

GOVERNANCE OF A MICROFINANCE INSTITUTION

Suspension or removal of officers 20. (1) A microfinance institution shall have a board of directors constituting of not less than five members, the majority of whom shall be permanent residents in Zambia.

(2) Members of a board of directors should be capable of demonstrating an understanding of the financial institution's financial standing and reporting requirement.

(3) A board of directors of the institution shall meet at least once quarterly for the transaction of its business.

Immunity of Registrar etc

21. (1) The management of a microfinance institution shall include—

(a) a chief executive officer, and

(b) a chief financial officer.

(2) The positions referred to in sub-regulation (1) shall not be held by one person.

Minimum primary and regulatory capital

22. A microfinance institution shall, at all times maintain systems of internal control.

23. A person shall not be appointed as a director, chief executive officer, chief financial officer or manager of a microfinance institution if that person—

(a) is not a fit and proper person to hold the office in relation to that person's integrity and relevant knowledge;

(b) is not a natural person;

(c) is below the age of twenty-one years;

(d) is an undischarged bankrupt;

(e) has been convicted of a felony or any offence involving dishonesty;

(f) has been declared or otherwise adjudged in any official

Insider lending

Prudence in business conduct	proceedings to be mentally unsound;
	(g) is under suspension or has been removed from office by order of the Bank of Zambia;
	(h) has been a director, chief executive officer, chief financial officer or manager of a bank or financial institution whose licence has been revoked or a company which has been adjudged insolvent or has entered into any other arrangement with creditors or taken any other action with similar effect in Zambia or elsewhere, unless that person was not responsible for the insolvency, liquidation, composition with creditors or other action with similar effect or unless the Bank of Zambia has given approval for that person to act or continue to act as a director or to be directly concerned in the management of a microfinance institution.
Extention of credit	
Disclosure of cost of borrowing	
Microfinance institution to display customer rights,	
Branches of existing microfinance institution	24. (1) The Bank of Zambia may, by notice in writing addressed to the person concerned, suspend, for a period not exceeding six months, a director, chief executive officer, chief financial officer or manager of a microfinance institution for failure to take reasonable steps to secure the compliance by the microfinance institution with the requirements of these Regulations.
Closure of microfinance institution	
Notice of change in shareholding, directors or senior management	(2) The Bank of Zambia may recommend to a microfinance institution the removal from office of a director, a chief executive officer, a chief financial officer or a manager referred to in subregulation (1) without first suspending the director, chief executive officer, chief financial officer or manager.
Ownership Cap. 388	

25. No act, matter or thing done by the Registrar or any officer or person employed by the Bank in the exercise or performance or purported exercise or performance, in good faith, of any power or function under these Regulations shall give rise to any action, claim, liability, suit or demand against the Registrar or any officer or person concerned.

PART VI

OPERATION OF MICRO FINANCE INSTITUTION

26. (1) The Bank of Zambia shall prescribe — Cap. 388
- (a) the minimum primary and regulatory capital of a Cap. 119
microfinance institution; and
- (b) the conditions under which funds may be recognised and Act No. 20
of
measured as capital of a microfinance institution: Cap. 388
- Provided that for purposes of paragraph (a) the
minimum capital of a microfinance institution shall
be as set out in Part I of the Second Schedule.
- (2) The Bank of Zambia shall take appropriate supervisory
action in accordance with sections *eighty-one* to *eighty-four* of the
Act in the case of a microfinance institution which contravenes the Control of
microfinance
institution
provisions of those sections.
- (3) A deposit taking microfinance institution that is operating at
the date of the coming into force of these Regulations that does not
meet the minimum capital requirements shall be required to build
up its capital to the prescribed level not later than two years from

the coming into force of these Regulations.

Inspection of
microfinance
institutions

(4) Any director or person concerned in the management of a microfinance institution referred to in subregulation (3) who fails to take reasonable steps to secure the compliance by the microfinance institution with subregulation (3) commits an offence.

27. A microfinance institution which provides credit facilities to any of its directors or members of staff or related persons shall do so in accordance with the regulations of the Bank of Zambia on insider lending.

Submission
of returns by
microfinance
institution

28. A microfinance institution shall—

- (a) conduct its business with integrity, prudence and professional skill;
- (b) focus on the institutional sustainability of service to its target customers; and
- (c) engage only in *bona fide* transactions.

29. A microfinance institution shall not extend credit to one person in excess of such sum as may be prescribed by the Bank of Zambia from time to time.

Disclosure
of
information

30. (1) A deposit taking micro finance institution that provides credit facilities to a customer shall at the time of providing the service, in a statement in writing, disclose to the customer concerned the cost of borrowing.

(2) The statement referred to in subregulation (1) shall be in Form MF5, set out in the First Schedule.

31. (1) A microfinance institution shall display in a conspicuous

place on the premises of every branch where it conducts business a notice containing—

- (a) a clear and simple summary of the business conducted by the microfinance institution;
- (b) information on customer rights and responsibilities;
- (c) details of the financial products offered; and
- (d) the terms under which any financial product is offered.

Display of
balance
sheet

Supervision
fee

32. (1) Unless the conditions of a licence limit or restrict a financial institution to one or more specific sites or locations, a microfinance institution may conduct business at any place or places in Zambia:

Risk
weighted
assets

Provided that within fourteen days of opening a new branch, a microfinance institution shall notify the Bank of Zambia, in writing, of the fact and of its location.

False
documents

33. A microfinance institution intending to close a place of business shall at least sixty days before closing such place, notify the Bank of Zambia, in writing, of its intention to do so.

34. A microfinance institution shall not without the prior written approval of the Bank of Zambia make any changes regarding its shareholders, directors, chief executive officer, chief financial officer or any manager.

Vital
statistics

35. (1) A deposit taking microfinance institution shall be—

Fees

-
- Offences
47. Any person who—
- (a) obstructs any person in the exercise of any power conferred upon the person under these Regulations;
 - (b) fails to provide information required under these Regulations;
 - (c) with intent to evade any provisions of these Regulations destroys, mutilates or hides any document;
 - (d) contravenes a duty imposed by these Regulations;
- commits an offence and is liable, upon conviction, to a fine not exceeding fifty thousand penalty units or to imprisonment for a term not exceeding two years, or to both.
- Offences by body corporate
48. Where the offence is committed by a body of persons—
- (a) in the case of a body corporate, every director or officer of that body commits an offence;
 - (b) in the case of a microfinance institution that is not incorporated, every manager, partner or member of the board of directors commits an offence;
- unless the director, officer, partner or manager proves to the satisfaction of the court that the act constituting an offence was done without the knowledge, consent or connivance of the director, officer, partner or manager, or that, the person attempted to prevent the commission of the crime having regard to the circumstances of the case.
- General penalty
49. Any person who contravenes the provisions of these Regulations for which no penalty is provided shall be liable, upon conviction, to a fine not exceeding fifty thousand penalty units or to a term of imprisonment not exceeding two years, or to both.
- Compliance by existing microfinance institution
50. (1) Subject to subregulation (2) a microfinance institution which is in existence on the commencement of those Regulations shall apply for an appropriate licence within thirty days from the commencement of these Regulations.
- (2) Except for the requirement on ownership and capital adequacy, an existing microfinance institution shall comply with these Regulations within six months from commencement of these Regulations.
- (3) An existing microfinance institution within any legal person that is not a registered financial institution shall be registered separately as a legal person in accordance with these Regulations and shall pay such application fee as may be determined by the Bank of Zambia.

-
- (a) a company incorporated under the Companies Act; or
 - (b) a body corporate, created under an Act of Parliament, that is recognised by the Bank of Zambia as an acceptable form of a financial institution and falls, within a defined category of financial institution, as determined by the Bank of Zambia;

(2) A person shall not, without the written approval from the Bank of Zambia —

- (i) acquire any beneficial interest in the voting shares of a deposit taking microfinance institution; or
- (ii) enter into any voting trust or other agreement;

that would enable that person or another person to control more than twenty-five per centum of the total votes cast on any general resolution at a general or special meeting of a deposit taking microfinance institution.

(3) A non deposit-taking microfinance institution may be—

- (a) a company incorporated under the Companies Act;
- (b) a Non-governmental organisation registered under the Societies Act; or
- (c) a cooperative registered under the Co-operative Societies Act.

(4) Where a non deposit-taking microfinance institution is incorporated under the Companies Act, a person shall not, without the prior written approval of the Bank of Zambia—

- (a) acquire any beneficial interest in the voting shares of such a non-deposit taking microfinance institution; or
- (b) enter into any voting trust or other agreement;

that would enable that person or another person to control more than fifty per centum of the total votes cast on any general resolution at a general or special meeting of the non-deposit taking microfinance institution.

36. (1) A person who has *de jure* or *de facto*-control of a microfinance institution, shall not acquire or maintain *de jure* or *de facto* control of any other microfinance institution.

(2) Any person who has *de jure* or *de facto* control of more than one microfinance institution, shall within a period of two years of the date of the coming into force of these Regulations, comply with the provisions of sub-regulation (1).

(3) A person who contravenes sub-regulation (2) commits an offence.

PART VII

SUPERVISION OF MICROFINANCE INSTITUTIONS

37. (1) The Bank of Zambia or any person authorised by the Bank of Zambia, may at any time cause an inspection to be made of any microfinance institution and of its books or accounts at any place where the microfinance institution conducts its business.

(2) The microfinance institution shall cause its books and accounts to be produced to an inspector and shall ensure that its staff furnishes such information as the inspector may reasonably require for the purposes of the inspection.

(3) Any person who obstructs, hinders or endeavours to obstruct an inspector or hinder any inspection of a microfinance institution or its books and accounts commits an offence.

38. (1) The Bank of Zambia shall prescribe reporting formats and the frequency of reporting for a microfinance institution, including:

- (a) balance sheets;

- (b) income statements;
- (c) computation of capital;
- (d) computation schedules;
- (e) liquidity statements;
- (f) loan repayment schedule; and
- (g) such other information that the Bank of Zambia may consider necessary.

(2) A microfinance institution which contravenes sub-regulation (1) commits an offence and shall be liable, upon conviction, to a fine not exceeding one thousand penalty units and in the case of a continuing breach, to a fine of five hundred penalty units for every day during which the breach continues.

39. (1) A microfinance institution shall submit the following information to the Bank of Zambia, its shareholders and other interested persons:

- (a) in the case of a microfinance institution, which is a company an audited financial statement or management accounts; and
- (b) in the case of a microfinance institution, which is not a company—
 - (i) management accounts; and
 - (ii) where available, audited accounts.

(2) A microfinance institution intending to enter into any significant business arrangement, joint venture or financial arrangement with another microfinance institution, bank or any other person, shall notify the Bank of Zambia thirty days prior to the proposed agreement.

40. A deposit-taking microfinance institution shall display a balance sheet and income statement in a conspicuous place on its business premises.

41. Every microfinance institution shall pay to the Bank of Zambia an annual non-refundable supervision fee as set out in Part II of the Second Schedule.

42. Every microfinance institution shall maintain liquid assets as defined in the Act, in ratios and measures determined by the Bank of Zambia.

PART VIII GENERAL PROVISIONS

43. (1) Subject to subsection (2) where a person issues or takes part in the issuance of a document which is false in any material particular, the person and every other person who signed such document commits an offence and shall be liable, upon conviction, to a fine not exceeding fifty thousand penalty units or to

imprisonment for a term not exceeding two years, or to both.

(2) A person does not commit an offence under this regulation if the person did not know and could not reasonably be expected to have known that the document was false when the person signed it, issued it or took part in its issue.

44. A microfinance institution and its staff shall ensure that all transactions are conducted in strict confidence and that the confidentiality of customers is maintained.

45. The Bank of Zambia may for purposes of these Regulations require a person to submit vital statistics in Form MF6 as set out in the First Schedule.

46. The fees set out in Part II of the Second Schedule shall be payable in respect of the matters specified therein.

FIRST SCHEDULE
(Regulations 7,8,19,30 and 45)

Form MF 1

THE BANKING AND FINANCIAL SERVICES (MICROFINANCE) REGULATIONS, 2006
(Regulation 7)

BANK OF ZAMBIA
APPLICATION FOR REGISTRATION AND OPERATION AND AS A
MICROFINANCE INSTITUTION IN ZAMBIA

(Please read the entire Form before completing in block capitals)

1. NAME OF APPLICANT (*Organisation*)

2. (a) PHYSICAL ADDRESS OF APPLICANT'S HEAD OFFICE

(b) PHYSICAL ADDRESS(ES) OF APPLICANT'S BRANCH(ES)

3. APPLICANT'S POSTAL ADDRESS _____

4. CONTACT TELEPHONE NUMBER

(Please state country and area codes if based outside the Republic of Zambia)

5. CONTACT FACSIMILE NUMBER
(Please state country and area codes if based outside the Republic of Zambia).

6. E-MAIL ADDRESS (Use small letters as per standard) _____

7. NATURE OF LICENCE SOUGHT (Tick the appropriate box)

Deposit-taking microfinance licence

Non-deposit taking microfinance licence

8. PROPOSED BOARD OF DIRECTORS/GOVERNMENT BODY: STATE NAME, NATIONALITY AND WHETHER RESIDENT OR NON-RESIDENT
(Non-executive directors or non-executive members of the governing body must be in the majority and more than half the directors or members of the governing body must reside within the Republic of Zambia)

Name	Nationality	Resident/Non-Resident
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

9. THE SHARE CAPITAL OF THE MICROFINANCE INSTITUTION

(a) Authorised capital _____

(b) Issued capital _____

(c) Paid up capital _____

(Documentary evidence of paid up capital must accompany the application. For example, bank statement and written assurance by external auditor. If part of the paid up capital is in form of fixed assets, the Registrar may appoint a valuer to assess the value of such assets at the applicant's expense. Such assets must be essential to the operation of a microfinance business. Documentary evidence of title to the assets must be made available to the Registrar on demand).

(d) State the source of capital _____

10. (a) SHAREHOLDERS OR SHAREHOLDING OF THE MICROFINANCE INSTITUTION

(Note: The Banking and Financial Services Act prohibits trusts from owning shares either directly or indirectly in a bank or financial institution):

Name	Number of Shares	% of Total Shares
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_____	_____	_____
_____	_____	_____
_____	_____	_____

(b) WHERE SOME SHAREHOLDERS MENTIONED IN 10 (a) ABOVE ARE NATURAL PERSONS STATE THEIR NAMES, NATIONALITY AND PLACE OF PERMANENT RESIDENCE:

<i>Name</i>	<i>Nationality</i>	<i>Place of Permanent Residence</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(c) WHERE SOME SHAREHOLDERS MENTIONED IN 10 (a) ABOVE ARE UNNATURAL PERSONS/CORPORATE BODIES, STATE THEIR NAMES AND PLACE OF REGISTRATION/INCORPORATION

<i>Name</i>	<i>Place of Registration/Incorporation</i>
_____	_____
_____	_____
_____	_____
_____	_____

(d) STATE BELOW THE NAMES OF NATURAL PERSONS WHO ARE BENEFICIAL OWNERS OF SHARES IN THE UNNATURAL PERSONS/ CORPORATE BODIES MENTIONED IN 10(c) ABOVE:

<i>Corporate Body</i>	<i>Shareholder</i>	<i>% of Total Shares</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

11. (a) BUSINESS/COMPANIES ASSOCIATED/AFFILIATED WITH

DIRECTORS/ GOVERNING BODY MEMBERS' IMMEDIATE FAMILY MEMBERS OR BUSINESS/COMPANIES IN WHICH DIRECTORS/ GOVERNING BODY MEMBERS' IMMEDIATE FAMILY MEMBERS HOLD A SUPERIOR POSITION IN ZAMBIA.

<i>Family Member's Name</i>	<i>Business Interests</i>
_____	_____
_____	_____
_____	_____
_____	_____

(b) BUSINESS/COMPANIES ASSOCIATED/AFFILIATED WITH DIRECTORS/ MEMBERS OF THE GOVERNING BODY/BUSINESS/COMPANIES IN WHICH DIRECTORS/GOVERNING BODY MEMBERS HOLD A SUPERIOR POSITION IN ZAMBIA.

<i>Family Member's Name</i>	<i>Business Interests</i>
_____	_____
_____	_____
_____	_____
_____	_____

12. IN THE CASE OF A FOREIGN-OWNED/CONTROLLED MICROFINANCE INSTITUTION

(That is, if more than 50% of voting shares are held by non-Zambian residents/ corporations registered outside Zambia and are part of an international banking/ financial/microfinance group).

(a) Certificate of the regulatory authority governing banks/financial institutions/ microfinance institutions of the country or political subdivision of the country in which the head office of the bank/financial institution/microfinance institution is domiciled, certifying that the bank/financial institution/microfinance

institution has been duly incorporated or established and when it was established by, pursuant to, or in accordance with the laws of that country or political subdivision and the title or citation of these laws.

- (b) A certified copy of the resolution of the directors of the bank/financial institution/ microfinance institution authorising the establishment of the subsidiary in Zambia.
-
-

-
- (c) State who is going to perform the consolidated supervision of the group and whether the said supervisor is aware of the applicant's plan to set up business in Zambia.
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-

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- (d) Organisation (organisation chart) showing how the applicant fits in the group.
-
-

13. DETAILS OF THE PROPOSED SENIOR EXECUTIVES OF THE MICROFINANCE INSTITUTION TO BE REGISTERED.

(Please attach curriculum vitae of each one of them).

(a) CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR:

<i>Name</i>	<i>Nationality</i>	<i>Academic/Professional Qualification</i>
		<i>(Certified copies of certificates to be attached)</i>

(b) CHIEF FINANCIAL OFFICER:

<i>Name</i>	<i>Nationality</i>	<i>Academic/Professional Qualification</i>
		<i>(Certified copies of certificates to be attached)</i>

14. NAME AND ADDRESS OF APPLICANT'S PROPOSED AUDITORS

(Where applicable)

15. PLEASE LODGE WITH THIS APPLICATION THE FOLLOWING DOCUMENTS RELATING TO THE MICROFINANCE INSTITUTION TO BE REGISTERED:

(a) Articles of Association/Members' Rules/Designation of voting rights and subordination of claims to depositors and other creditors;

(b) evidence of incorporation/registration;

(c) duly completed directors/governing body members= questionnaire;

(d) documentation indicating the location of the microfinance institution;

(e) business plan; and

(f) projected balance sheet and income statement with relevant assumptions for at least 3 years.

16. DOCUMENTS RELATING TO THE PROMOTERS/SHAREHOLDERS OF THE MICROFINANCE INSTITUTION TO BE REGISTERED IN CASE THEY ARE CORPORATE BODIES/UNNATURAL PERSONS:

(a) Articles of Association/Members' Rules;

(b) evidence of incorporation/registration; and

(c) audited balance sheet and income statement for the last completed financial year immediately preceding the application.

17. *I/WE HEREBY CERTIFY THAT TO THE BEST OF MY/OUR KNOWLEDGE AND BELIEF THAT THE INFORMATION GIVEN ABOVE IS CORRECT AND TRUE.

18. CHAIRMAN _____

(Signature)

(Full names)

19. CHIEF EXECUTIVE OFFICER _____

(Signature)

20. DATE _____ PLACE _____
(Date, month, year) (City/town, country)

**Delete where not applicable*

Note: *Where the space provided in this Form is insufficient to furnish required details, please use a separate sheet of paper indicating the relevant item of the application Form. The Chairman/chief executive officer or any duly authorised representative of the applicant should duly sign such attachment(s).*

Form MF 2

THE BANKING AND FINANCIAL SERVICES (MICROFINANCE) REGULATIONS, 2006

BANK OF ZAMBIA

DIRECTORS' QUESTIONNAIRE

Regulation 7

STATEMENT BY INDIVIDUALS WHO ARE HOLDING, OR ARE PROPOSING TO HOLD,
THE OFFICE OF A DIRECTOR OR EXECUTIVE OFFICER OF A MICROFINANCE
INSTITUTION OR A CONTROLLING COMPANY

(If insufficient space is provided, please attach a separate sheet)

(Confidential and not available for inspection by the public)

1. Name of institution in connection with which this questionnaire is being completed (Athe institution”):

.....
.....

2. Your surname

.....
3. Your full forename(s)
.....
.....
4. Former surname(s) and or forename(s) by which you may have been known:
.....
.....

5. Please state in what capacity you are completing this questionnaire, i.e. as a current or prospective director, executive officer or combination of these. Please state your full title and describe the particular duties and responsibilities attaching to the position(s) that you hold or will hold. If you are completing this Form in the capacity of director, indicate whether, in your position as director, you have or will have executive responsibility for the management of the institution's business. In addition, please provide a copy of your *curriculum vitae*, unless it has already been provided.

6. Residential address

Form MF 3 (b)

THE BANKING AND FINANCIAL SERVICES (MICROFINANCE)
REGULATIONS, 2006

BANK OF ZAMBIA

LICENCE TO OPERATE A DEPOSIT TAKING MICROFINANCE INSTITUTION

(Regulation 8)

<i>Serial No.</i> <i>Licence Number:</i>

<p>This is to certify that is licenced to carry on the business of micro finance services at..... </p> <p>This licence has been issued under the Banking and Financial Services Act and (Micro finance) Regulations, 2004 and shall remain valid until it expires, is revoked or surrendered to the Registrar, subject to the provisions of the said Act or Regulations.</p> <p style="text-align: center;">.....</p> <p style="text-align: center;"><i>Registrar</i> <i>Date</i></p>
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Form MF 4

THE BANKING AND FINANCIAL SERVICES (MICROFINANCE) REGULATIONS, 2006

BANK OF ZAMBIA

APPLICATION FOR CHANGE OF CATEGORY OF MICROFINANCE
INSTITUTION'S LICENCE*(Regulation 19)*

[Please read the Form before completing in block letters. A duly signed resolution of the board of directors authorising change of category of licence must be attached to the application]

1. Name of applicant (*the organisation*) _____
2. Category of Current Microfinance Licence (*Tick appropriate box*):
 - Deposit-Taking Microfinance Licence
 - Category of Current Microfinance Licence
 - Non-Deposit Taking Microfinance Licence
3. Category of Current Microfinance Licence (*Tick appropriate box*):
 - Deposit-taking Microfinance Licence
 - Non-Deposit Taking Microfinance Licence
4. Reason(s) for seeking change of category of licence
 - _____
 - _____
 - _____
5. Total asset size (on date of application) _____
(*State fixed assets net of depreciation*).
6. Loan size (net) (on date of application) _____
7. Primary Capital (on date of application) _____
—
8. Total saving (on date of application) _____
(*For deposit-taking MFIs*).
9. *I/WE HEREBY CERTIFY THAT THE ABOVE INFORMATION IS CORRECT AND TRUE.
10. Chairman of the board (*Full names*) _____
—

to time

15. A list of each charge to be financed.
16. A description of any terms and conditions applicable to pre-payment of the principle
17. A description of any charge or penalty that would be imposed for failure to make any payment or to repay the loan when due.
18. The date of statement
19. The name and signature of the representative of the Microfinance Institution.

Form MF 6

THE BANKING AND FINANCIAL SERVICES (MICROFINANCE)
REGULATIONS, 2006
(Regulation 45)

BANK OF ZAMBIA

VITAL STATISTICS FORM

Part A (*This Part Applies to Zambian Citizens Only*)

Name:

Date of birth:

Identity card number:

Residential address: Telephone No.....

Business address: Telephone No.....

Marital Status: No. of children.....

Passport No./NRC No.: Expiry date (*Passport No./NRC indicated*):.....

Name of Spouse: Identity card No.:.....

Next of kin: Name of parents.....

Part B (*This Part Applies to non-Zambian Citizens Only*)

Name: Residential address:.....

.....

Immigration Permit No: Passport No:.....

Expiry date of passport: Date of entry into Zambia:.....

Work permit No: Valid from.....to:

Part B (*Applies to both Zambians and non-Zambians*)

Education Background:

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Employment Record:.....

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Last Employer:.....

Employer's reference:.....

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Signature:.....
	SECOND SCHEDULE (Regulations 26, 41 and 46)	
	PART I	

CAPITAL REQUIREMENTS FOR MICROFINANCE INSTITUTIONS

(Regulation 26)

Minimum Capital Requirement

Deposit Taking MFI

Non Deposit-Taking MFI

K250 Million

K25 Million

