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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

ARRANGEMENT OF REGULATIONS

Regulation

PART I

PRELIMINARY

1. Title
2. Interpretation
3. Application

PART II

AUTHORITY OF THE BANK OF ZAMBIA

4. Authority of Bank of Zambia
5. Power of Bank of Zambia to call for information

PART III

LICENSING

6. Prohibition of unlicensed microfinance services
7. Application for licence
8. Determination of licence
9. Scope and duration of licence
10. Display of licence
11. Restriction on transfer
12. Revocation of licence
13. Licensee to honour obligations inspite of revocation of licence

PART IV

CATEGORIES OF MICROFINANCE INSTITUTIONS

14. Categories of Microfinance Institutions
15. Services to be provided by deposit taking microfinance institution
16. Services to be provided by non-deposit taking microfinance institution
17. Applicants to designated persons to cover losses etc
18. Prohibition of change of category without approval of registrar
19. Change of category of licence

PART V**GOVERNANCE OF MICROFINANCE INSTITUTIONS**

20. Structure of microfinance institution
21. Management of microfinance institution
24. Systems of internal control
23. Qualifications of director or person in management of microfinance institution
24. Suspension or removal of officer
25. Immunity of Registrar etc

PART VI**OPERATIONS OF MICROFINANCE INSTITUTIONS**

26. Minimum primary and regulatory capital
27. Insider lending
28. Procedure in conduct of business
29. Extent of credit
30. Disclosure of cost of borrowing
31. Microfinance institution to display customer rights, responsibilities, etc
32. Branches of existing of microfinance institution
33. Closure of microfinance institution
34. Notice of change in shareholding, directors and senior managers
35. Ownership
36. Control of microfinance institution

PART VII**SUPERVISION OF MICROFINANCE INSTITUTIONS**

37. Inspection of microfinance institution
38. Submission of returns by microfinance institution
39. Disclosure of information
40. Display of balance sheet
41. Supervision fee
42. Risk weighted assets

PART VIII**GENERAL PROVISIONS**

43. False documents
44. Confidentiality of transactions
45. Vital statistics
46. Fees
47. Offences
48. Offences by body corporate
49. General penalty
50. Compliance by existing microfinance institutions

**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. | Title |
| 2. In these Regulations, unless the context otherwise requires — | Interpretation |
| “ 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, <i>de jure</i> or <i>de facto</i> , 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
- (b) the acceptance of remittances and any other services that the Bank of Zambia may designate;

“non current account deposits” includes —

- (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

“primary regulator” means—

- (a) the Registrar of Companies appointed under the Companies Act; Cap. 388
- (b) the Registrar of Societies appointed under the Societies Act; or Cap. 119
- (c) the Registrar of Co-operatives appointed under the Co-operative Societies Act; Act No. 20 of 1998

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

“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

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

3. (1) These Regulations shall apply to—

Application

- (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

Authority of
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.

Power of
Bank of
Zambia to
call for
information

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

PART III

LICENSING

Prohibition
of
unlicensed
microfinance
services

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.

Application
for
licence

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.

Determination
of
application

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.

(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.

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

Scope and
duration of
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.

Display of
licence

(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:

Restriction
on
transfer

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.

Revocation
of
licence

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.

(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.

Licensee to
honour
obligations
inspite of
revocation of
licence

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.

PART IV

CATEGORIES OF MICROFINANCE INSTITUTIONS

Categories
of
micro
finance
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.

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.

Services to be provided by deposit taking microfinance institution

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

Services to be provided by non deposit taking microfinance institution

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—

- (a) designate the persons legally bound to cover losses and capital calls; and
- (b) fulfil the requirements of section *thirty-sevenA* of the Act, as prescribed by the Bank of Zambia.

Applicant to designate persons to cover losses etc.

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.

Prohibition of change of category without approval of 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.

Change of category of licence

(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

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.

Structure of microfinance institution

(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.

- Management of microfinance institution
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.
- Systems of internal control
22. A microfinance institution shall, at all times maintain systems of internal control.
- Qualification of director or person in management of microfinance institution
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 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.
- Suspension or removal of officers
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.

(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.

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.

Immunity of Registrar etc

PART VI

OPERATION OF MICRO FINANCE INSTITUTION

26. (1) The Bank of Zambia shall prescribe —

- (a) the minimum primary and regulatory capital of a microfinance institution; and
- (b) the conditions under which funds may be recognised and measured as capital of a microfinance institution:

Minimum primary and regulatory capital

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 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.

(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.

Insider lending

Prudence in business conduct	<p>28. A microfinance institution shall—</p> <p>(a) conduct its business with integrity, prudence and professional skill;</p> <p>(b) focus on the institutional sustainability of service to its target customers; and</p> <p>(c) engage only in <i>bona fide</i> transactions.</p>
Extention of credit	<p>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.</p>
Disclosure of cost of borrowing	<p>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.</p> <p>(2) The statement referred to in subregulation (1) shall be in Form MF5, set out in the First Schedule.</p>
Microfinance institution to display customer rights, responsibilities, etc	<p>31. (1) A microfinance institution shall display in a conspicuous place on the premises of every branch where it conducts business a notice containing—</p> <p>(a) a clear and simple summary of the business conducted by the microfinance institution;</p> <p>(b) information on customer rights and responsibilities;</p> <p>(c) details of the financial products offered; and</p> <p>(d) the terms under which any financial product is offered.</p>
Branches of existing microfinance institution	<p>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:</p> <p style="padding-left: 40px;">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.</p>
Closure of microfinance institution	<p>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.</p>
Notice of change in shareholding, directors or senior management	<p>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.</p>
Ownership Cap. 388	<p>35. (1) A deposit taking microfinance institution shall be—</p> <p>(a) a company incorporated under the Companies Act; or</p> <p>(b) a body corporate, created under an Act of Parliament,</p>

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—

Cap. 388

(a) a company incorporated under the Companies Act;

(b) a Non-governmental organisation registered under the

Cap. 119

Societies Act; or

(c) a cooperative registered under the Co-operative Societies Act.

Act No. 20 of 1998

(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—

Cap. 388

(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.

Control of 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

Inspection 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.

Submission
of returns by
microfinance
institution

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.

Disclosure
of
information

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.

Display of
balance
sheet

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.

Supervision
fee

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

Risk
weighted
assets

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.

False
documents

(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.

Confidentiality
of
transactions

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.

Vital
statistics

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

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.

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

Form MF I

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*)

<i>Name</i>	<i>Nationality</i>	<i>Resident/Non-Resident</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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 assess 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):

<i>Name</i>	<i>Number of Shares</i>	<i>% of Total Shares</i>
_____	_____	_____
_____	_____	_____
_____	_____	_____

- (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.
-

- (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 (Certified copies of certificates to be attached)</i>
_____	_____	_____

- (b) CHIEF FINANCIAL OFFICER:

<i>Name</i>	<i>Nationality</i>	<i>Academic/Professional Qualification (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)
-
- (Full names)
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

.....

7. Any previous residential address(es) during the past 10 years;
.....
8. Date and place of your birth (including town or city)
.....
9. Your nationality and how it was acquired (birth, naturalisation or marriage):
.....
10. Name(s) and address(es) of your bankers during the past 10 years:
.....
11. Your professional qualifications and year in which they were obtained:
.....
12. Your occupation and employment now and during the past 10 years, including the name of your employer in each case, the nature of the business, the position held and relevant dates:
.....
13. Of what bodies corporate (other than the institution) are you a director or an executive officer and since when?
.....
14. Do you have any direct or indirect interest representing 15 per centum or more of the issued capital of any body corporate (other than the institution) that is now registered, or has applied for authorisation, under the Act? If so give particulars:
.....
15. Of what bodies corporate other than the institution and those listed in reply to Question 13 have you been a director or an executive officer at any time during the past 10 years? Give relevant dates:
.....
16. Do any of the bodies corporate listed in reply to Questions 12, 13, 14 and 15 maintain a business relationship with the institution? If so, give particulars:
.....
17. Do you hold or have you ever held or applied for a licence or equivalent authorisation to carry on any business activity in Zambia or elsewhere? If so, give particulars. If any such application was refused or withdrawn after it was made or any authorisation was revoked, give particulars:
.....

18. Does any institution with which you are, or have been associated as a director or executive officer hold, or has it ever held or applied for, a licence or equivalent authorisation to carry on any business activity? If so, give particulars. If any such application was refused, or was withdrawn after it was made or an authorisation revoked, give particulars:

.....

19. Have you at any time been convicted of any offence, excluding:

(a) any offence committed when you were under 18 years, unless the same was committed within the last 10 years.

(b) any road traffic offence; or

(c) any political offence?

If so, give particulars of the court by which you were convicted, the offence, penalty imposed and the date of conviction:

.....

20. Have you, in Zambia or elsewhere, been censured, disciplined, warned against some conduct, or made the subject of a court order at the instigation of a regulatory authority or any professional body to which you belong or belongs? Have you ever held a practising certificate subject to conditions? If so, give particulars.

.....

21. Have you, or has any body corporate, partnership or unincorporated institution which you are, or have been, associated as a director or executive officer, been subject of an investigation, in Zambia or elsewhere, by or at the instigation of a government department or agency, professional association or other regulatory body if so, give particulars:

.....

22. Have you, in Zambia or elsewhere, been dismissed from any office employment, or subject to disciplinary proceedings by your employer or barred from entry to any profession or occupation? If so, give particulars:

.....

23. Have you ever been declared insolvent (either provisionally or finally) by a court in Zambia or elsewhere, or has a bankruptcy petition ever been served on you? If so, give particulars:

.....

24. Have you, in connection with the formation or management of any body corporate, partnership or unincorporated institution, been adjudged by a court in Zambia or elsewhere, civilly liable for any fraud, misfeasance or other misconduct by you towards any members thereof? If so, give particulars:

.....

25. Has any body corporate, partnership or unincorporated institution with which you were associated as a director or executive officer, in Zambia or elsewhere, been wound up, made subject to an administration order, otherwise made any compromise or arrangement with its creditors or ceased trading, either while you were associated with it or within one year after you ceased to be associated with it, or has anything analogous to any of these events occurred under the laws of any other jurisdiction? If so, give particulars.

.....

26. Have you been concerned with the management or conduct of the affairs of any institution that, by reason of any matter relating to a time when you were so concerned, has been censured, warned as to future conduct, disciplined or made the subject of a court order at the instigation of any regulatory authority in Zambia or elsewhere? If so, give particulars:

.....

27. In carrying out your duties will you be acting on the directors or institutions of any other individual or institution? If so, give particulars:

.....

28. Do you, or does any related party of whom you are aware, undertake business with this institution? If so, give particulars:

.....

29. How many shares in the institution are registered in your name or the name of a related party? If applicable, give name(s) and class of shares:

.....

30. In how many shares in the institution (not being registered in your name or that of a related party) are related parties beneficially interested?

.....

31. Do you, or does any related part, hold any shares in the institution as trustee or nominee? If so, give particulars:

.....

32. Are any of the shares in the institution mentioned in reply to Question 29, 30 and 31 equitable or legally charged or pledged to any party? If so, give particulars.

.....

33. What proportion of the voting power at any general meeting of the institution (or of another body corporate of which it is a subsidiary) are you or any related party entitled to exercise or control the exercise of?

.....

34. If the exercise of the voting power at any general meeting of the institution, or of another body corporate of which it is a subsidiary, is or may be controlled by one or more of your associates or any related party, give the proportion of the voting power so controlled in each case and identity of each associate.

.....

35. Are you currently, or do you, other than in a professional capacity, expect to be, engaged in any litigation in Zambia or elsewhere? If so, give particulars.

.....

36. Do you have a basic knowledge and understanding of the risks to which financial institutions are exposed?

.....

37. Do you, at all times while acting in your capacity as a director or executive officer of the institution, undertake to:

- (a) act in good faith towards the financial institution(s) in the group;
 - (b) avoid conflict between your other interests and the interests of the financial institution(s) in the group; and
 - (c) place the interest of the financial institution(s) in the group and the depositors above all other interests?
-

38. Have you acquainted yourself with, and do you understand, the extent of the rights and powers, as well as your responsibilities and duties as a director of the institution, as contained in the applicable law? (To be completed only by directors or prospective directors.)

.....

DECLARATION

I, hereby declare the following:

This statement consists of pages, each signed by me. The content of this declaration is true to the best of my knowledge and belief. I am aware that should it be submitted as evidence and I know the contents to be false or not to be true, whether in part or in full, I may be liable to prosecution.

I understand, that for as long as I continue to be a director or executive officer of the institution, I will notify the Registrar of any material changes to, or affecting the completeness or accuracy of, the information supplied by me in items 1 - 39 as soon as possible, but in any event not later than 21 days from the day the changes come to my attention.

I know and understand the content of this declaration. I have*/do not have* objections to taking the prescribed oath.

I consider the prescribed oath to be binding*/not binding* on my conscience.
.....SIGNATURE OF DEPONENT

I certify that the above statement was taken by me and that the deponent has acknowledged that he*/she knows and understands the contents of this statement. This statement was sworn to*/affirmed before me and the deponent's signature was placed thereon in my presence at on this day of Two thousand and

.....
COMMISSIONER OF OATHS

FULL NAMES:

EX OFFICIO:

AREA:

ADDRESS:

* Delete whichever is not applicable.

DECLARATION BY CHAIRMAN OF A FINANCIAL INSTITUTION OR AUDITOR IN CASE OF A NEW FINANCIAL INSTITUTION

I, the undersigned, being Chairman of the Board or Directors*/auditor* of, confirm that I have carefully studied all information supplied in this statement and, after discussion with the deponent and all other members of the Board, and after having taken into account any other information at my disposal or that has come to my attention, am of the opinion that the deponent office in this institution. In the case of the appointment of a director I confirm that the appropriate conditions of the articles of association of the company have been complied with. Similarly, in the case of the appointment of a chief executive officer, I confirm that company policy has been complied with.

NAME:

SIGNED:

DATE:

* Delete whichever is not applicable.

Form MF 3 (a)

THE BANKING AND FINANCIAL SERVICES (MICROFINANCE) REGULATIONS, 2006

BANK OF ZAMBIA

LICENCE TO OPERATE A NON-DEPOSIT TAKING MICROFINANCE INSTITUTION

(Regulation 8)

Serial No.

Licence Number:.....

This is to certify that
is licenced to carry on the business of micro finance services
 at.....

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 Act or the said Regulations.

.....

Registrar

.....

Date

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)

Serial No.

Licence Number:.....

This is to certify thatis
 licenced to carry on the business of micro finance services at.....

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.

.....
Registrar
Date

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*) _____

(*Signature*)

11. Chief executive officer (*Full names*) _____

 (*Signature*)
12. Date _____ Place _____
 (*Date, month, year*) (*City/town*)

Form MF 5

THE BANKING AND FINANCIAL SERVICES
 (MICROFINANCE) REGULATIONS, 2006

BANK OF ZAMBIA

Contents of Disclosure Statement

(*Regulation 30*)

1. The name and address of the Microfinance Institution.
2. The name and address of the borrower
3. A description of any property to be used as security and its location.
4. A description of any guarantee or other collateral.
5. The date when the first payment on the loan is due.
6. In the case of any Mortgage, whether it is first, second, etc.
7. The principle of the loan, including:
 - (a) the total amount of all charges to be financed; and
 - (b) the net amount of money to be paid to the borrower or to be disbursed at the borrower's discretion.
8. The rate of interest expressed as a rate per annum, if that rate does not vary.
9. The initial rate of interest expressed as a rate per annum, if the rate varies from time to time
10. A description any factors that would cause the rate of interest to vary.
11. The length of the term of the loan.
12. The period during which an offer to a customer is valid before it expires.
13. A description of any factors that would cause the term of the loan to vary.
14. The total cost of borrowing over the term of the loan expressed as a rate varies from time 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.

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:

.....

.....

SECOND SCHEDULE
(Regulations 26, 41 and 46)

PART I

CAPITAL REQUIREMENTS FOR MICROFINANCE INSTITUTIONS

(Regulation 26)

<i>Minimum Capital Requirement</i>	<i>Deposit Taking MFI</i>	<i>Non Deposit-Taking MFI</i>
	K250 Million	K25 Million

PART II

PRESCRIBED FEES
(Regulation 41 and 46)

	<i>Deposit-Taking Microfinance Institution</i>	<i>Non Deposit-Taking Microfinance Institution</i>
Licence application fee	K5,400,000.00	K1,000,000.00
Annual Licence fee	K2,700,000.00	K600,000.00
Supervision fee	0.02% of monthly average deposit for preceding 12-month period	None

LUSAKA
24th January, 2006
[MFAL.102/9/47

N. P. MAGANDE,
*Minister of Finance
and National Planning*