

**NON – BANK FINANCIAL INSTITUTIONS
RULES AND GUIDELINES ON POLICIES AND PROCEDURES**

**SAVINGS AND CREDIT COMPANIES/ CO-OPERATIVES - VOLUME SIX
(Category A1 Institutions)**

*Made in pursuance of Sections 3(1) and 35 of the
Financial Institutions Act (FIA) 1992*

PART A - PRUDENTIAL RULES

01 - Scope of banking business

Savings and Credit Companies, herein referred to as financial companies, in category A1 of the class of non-bank financial institutions are authorized to engage in banking business covering:

- (1) acceptance of savings and time deposits and repaying such deposits on demand;
- (2) granting loans, credit and advances from deposits as provided under Section 2(1) of FIA 1992 in respect of “banking business”. No overdrafts operations or acceptance of demand deposits transferable by cheques or other means of third party is permitted;
- (3) contact loans from financial institutions and use such loan funds either in whole or part for on lending;
- (4) invest in bonds and bills issued or guaranteed by the Government or the Bank;

- (5) accept and discount bills of exchange;
- (6) act as agents for financial institutions; and
- (7) provide safekeeping for securities and other properties belonging to third parties.

02 - Licence

- (1) No person shall carry out any banking business set out by the Bank in accordance with Section 01 supra unless it is licensed by the Bank.
- (2) The application for a licence shall be made in a prescribed form to the Bank and shall be accompanied by such particulars or information as may be required by the Bank and in law. In this context, a financial company shall be a private or public corporate body with liability limited by shares and established under the Companies Act 1955.
- (3) The Bank may issue a licence to a financial company which complies with the provisions of the FIA 1992 and these regulations relating to application and eligibility for a licence.
- (4) A licence shall be valid for a maximum period of one year commencing from the date of its issuance and thereafter renewable on annual basis.
- (5) A prescribed fee may be charged for each licence issued or renewed by the Bank.

03 - Suspension or Revocation of licence

- (1) The Bank may suspend or revoke the licence of any financial company if it is satisfied that the institution –

- (a) obtained the licence by fraud or mistake;
 - (b) has contravened any provision of the FIA 1992 or these regulations or as required in law;
 - (c) has contravened any of the term on which the licence is granted;
 - (d) has engaged in undesirable methods of conducting the business in respect of which the licence was issued;
 - (e) fails to maintain the minimum paid-up capital;
 - (f) fails to commence business within three months from the date of its licence.
- (2) Notice of suspension or revocation.
- (a) The Bank shall, before suspending or revoking the licence of any financial company, notify the institution of its intention in writing.
 - (b) A financial company shall immediately cease to undertake any of the businesses provided under Section 01 except – repaying depositors and creditors when it is served with suspension or revocation notice.

04 - Appeal against suspension or revocation of licence

- (1) A financial company notified under Section 03(2) may, within 10 (ten) days from receiving the notice, petition the Bank in writing against the suspension or revocation. The Bank may grant a hearing in considering the petition.

- (2) The Bank shall, within 30 (thirty) days from the date of the receipt of the petition, communicate its decision on the appeal to the institution.
- (3) A financial company aggrieved by the decision of the Bank after the petition may appeal to the Supreme Court.
- (4) Provisions on business operations under Section 03(2)(b) shall apply pending the ruling of the Supreme Court which shall be final.

05 - Special Powers of the Bank

- (1) Without prejudice to Section 04 of these regulations, where the Bank is satisfied that a financial company –
 - a) is not carrying on its business in the interest of its depositors or creditors; or
 - b) has insufficient assets over liabilities; the Bank may after consultation with the Minister –
 - i) direct the financial company to take such step(s) as the Bank may consider necessary to deal with the situation;
 - ii) prohibit the receipt by the financial company any fresh deposits; or
 - iii) suspend or revoke the licence of the financial company.

06 - Name

- (1) No financial company shall use the work “bank” for the purpose of obtaining a licence or conducting its business or cause any person to use the word “bank” in referring to it.
- (2) A financial company shall not alter or change its licensed name without obtaining the prior consent of the Bank.

07 - Place of business

- (1) Every licensed financial company shall establish a principal place of business. It is authorized to operate a branch or agency network.
- (2) A financial company shall notify the Bank of locations of its principal place of business, branch or agency and a change in any of them.

08 - Display of Name and Licence

- (1) A financial company shall display conspicuously and in easily legible letters at the entrance of its principal place of business, branch or agency, its name and the fact that it is licensed to carry on its banking business.
- (2) The statement shall indicate that the financial company receives deposits.
- (3) The licence shall be conspicuously display in the office at the principal of business.

09 - Transaction periods

A financial company shall determine the days and hours of its banking business and display conspicuously by written notice to this effect in front of its principal office, branch or agency.

10 - Minimum capital requirement for licensing

- (1) A financial company shall have a minimum paid-up capital of D500,000.00 (five hundred thousand dalasis) or an amount prescribed by the Bank after consultation with the Minister before it is licensed.
- (2) The minimum paid-up capital shall be of kinds and computed in such manners and amounts that may be authorized by the Bank. These may include paid-up shares, part of general reserve, undivided profits and other incomes.
- (3) Whenever the minimum paid-up capital is increased by the Bank, the existing financial companies may be granted a grace period determined by the Bank within which they will satisfy the new requirement.

11 - Authorized Capital

- (1) A financial company shall determine its authorized capital and shall not cause an addition to or reduction of it without obtaining the prior consent of the Bank.
- (2) The total sum of a financial company's general reserve shall not exceed its paid-up capital.

12 - Capital adequacy and liquid assets

- (1) A financial company shall hold unimpaired owned funds which, in the aggregate shall not be less than 10% (ten percent) of its risk assets value.
- (2) A financial company shall maintain liquid asset amounting to not less or more than such percentages of its total deposit liabilities prescribed by the Bank.
 - a) Until otherwise prescribed the minimum limit of its total liquid assets shall not fall below 15% (fifteen percent) while the maximum limit shall not exceed 40% (forty percent) of its total deposit liability.
 - b) No loan or advance or credit shall be granted or investment made during any period the liquid asset falls below the prescribed minimum limit without an explicit authorization of the Bank.
 - c) A financial company desiring an authorization of the Bank under subsection 12(2)(b) shall submit an application in writing to the Bank to this effect.

The application should provide:

- i) comprehensive account of the circumstances leading to the liquidity problem;
- ii) evidence in support of such circumstantial claims;
- iii) convincing plans or steps already set in motion to address the problem.

- (d) In considering the application, the Bank may examine the financial company or request from it additional information.
- (e) All activities on loans, credits, advances and investments shall be suspended until the approval of the request is received by the financial company.
- (f) A financial company commits an offence liable, on conviction, to a penalty prescribed by the Bank if it allows its liquid asset fall outside the prescribed minimum and maximum limits, or provides loans or credits or advances or make investment when the total liquid asset falls below the prescribed limit.
- (g) For the purpose of the regulations, “liquid assets” means:
 - i) cash in local currencies, either in notes or coins, held by a financial company;
 - ii) reserve held by way of deposits with banks or current account with a bank;
 - iii) net credit balances with all financial institutions;
 - iv) net debit balances of financial institutions and banks with a financial company; and
 - v) treasury bills, bonds and other guaranteed securities issued by the Government or the Bank maturing within 180 (one hundred and eighty) days.

13 - Net Profit

- (1) The net profit of a financial company for each financial year shall be determined after making due provisions for:
 - a) bad and doubtful debts;
 - b) reserves and other capital adjustments required by the Bank;
 - c) deferred income tax (where applicable);
 - d) accumulated profit not yet received but recorded;
 - e) accrued interest on loans not yet collected but recorded;
 - f) contributions to staff welfare fund and other remunerations such as bonus where applicable.

14 - Provision for bad and doubtful debts

A financial company is required to maintain the value of its liquid assets invested in loans, credits and advances. Accordingly, it should periodically make provisions in its profits and loss account for bad and doubtful debts. This provision is required mandatorily in the balance sheet and profit and loss account of the year.

15 - General Reserve

- (1) A financial company shall establish and maintain a general reserve and must at the end of each financial year make due transfer from its profit to the reserve account an amount determined by the board or as may be prescribed by the Bank.

- (2) Unless otherwise prescribed by the Bank, the amount transferred shall not be less than 10% (ten percent) of the net profit after making all other provisions under Subsection 13 or before declaring dividends.
- (3) The reduction or impairment of the Reserve Fund is subject to Section 13(2) of FIA 1992.
- (4) The relationship between Reserve Fund and paid-up capital under Subsection 11(2) shall be observed at all times.
- (5) The Bank may require a financial company to deposit part of its reserve into a current account with the former.

16 - Dividends

- (1) The authority to declare and pay dividends is vested in the board of directors.
- (2) Any intention to declare and pay dividends shall be communicated to the Bank in writing by the board for approval before doing so.
- (3) It is an offence for any financial company to declare, announce or communicate to any person the intention to pay dividends or cause dividends to be paid without the prior approval of the Bank. This offence, upon conviction, is liable to a penalty prescribed by the Bank.
- (4) No financial company shall declare and pay any dividends on its shares in any one year if the level of capital adequacy is less than that provided for under these regulations or unless it has completely recovered all its capitalised expenditures. In this context, “capitalised expenditures” include preliminary expenses, brokerage losses and other item of expenditure not represented by tangible assets.

- (5) The board shall report in writing to the Bank within 30 (thirty) days from the approval date, its decision to pay dividends.
- (6) An approval of the Bank in writing for a financial company to declare and pay dividends notwithstanding, a financial company shall have the right to make a declaration and pay dividends if no response is received from the Bank stating contrary within 60 (sixty) days it received a report or notice from a financial company about its board's intention to declare and pay dividends.
- (7) Accurate records of dividends declared and paid shall be kept in the books of the financial company.

17 - Safeguards for loans, credits, advances and investments

- (1) No financial company shall grant any loans, credits, advances or undertake any financial guarantees or indemnities to or in respect of any one person or group of persons or invest in the equity of any company or carry out any other transaction for any person or group of persons which constitutes in the aggregate a liability to the institution amounting to more than 15% (fifteen percent) of the net worth of the institution.
- (2) No financial company shall, in the case of an unsecured loans, credit, advances, financial guarantees or indemnities, grant any loans, credits, advances or undertake any guarantees or indemnities amounting in aggregate to more than 10% (ten percent) of the net worth of the institution.

- (3) Subsection 17(1) shall not apply to transactions between a financial company and a bank incorporated in The Gambia.

18 - Proper accounts

- (1) A financial company shall keep books of account and proper records in relation to all transactions it undertakes. In this context it shall:
 - a) set-up a proper system for receiving and paying cash and for conducting other accounting duties;
 - b) provide appropriate safeguards such as a safe and strong room for safekeeping of cash and other valuable items such as bonds, bills, securities, certificates, seals belonging to the institution and third parties.

19 - Dormant accounts

- (1) Any deposit account that is not reactivated by deposit or withdrawal within a period of 3 (three) years shall be classified “dormant” and the fund in it declared “unclaimed”. Such account shall be segregated and reported to the Bank on yearly basis for the year ending 31 December.

20 - Financial information

- (1) A financial company shall send to the Bank financial information and other operational statements and data or records that the Bank may require about its operations in such forms and at such intervals that may be determined by the Bank.

- (2) Unless otherwise prescribed a financial company shall submit to the Bank or its appointee financial statements listed hereunder:
- a) Monthly Reserve Assets and Deposit Liabilities Statements;
 - b) Quarterly Assets and Liabilities Statement;
 - c) Quarterly Profit and Loss Statement;
 - d) Sectoral Breakdown of loans (quarterly)
 - e) Deposit Analysis(quarterly)
 - f) 20 Largest Exposures- Loans (quarterly);
 - g) 10 Largest Exposures- Deposits (quarterly)
 - h) Loan Loss Provisions (quarterly)
 - i) Balance Sheet and Profit and Loss Account certified by a qualified auditor as of the last day of each financial year in respect of all business transacted by the financial company. The report shall reach the Bank not later than 3 (three)-calendar months from the last day of the financial year being reported on.

21 - Regulation, Examination and Supervision

- (1) The Bank shall prescribe policies, prudential rules and guidelines in regulating the operations of financial companies for the purpose of maintaining required standards. Non-compliance with such prudential regulations or any part thereof shall constitute a deficiency or an offence liable, upon conviction, to a penalty prescribed by the Bank.
- (2) The Bank shall monitor the affairs of a financial company through both off-site and on-site examination.

- (3) An on-site examination of the affairs of a financial company shall be made by the Bank or its appointee whenever, in its sole judgement, such an examination is absolutely necessary in determining the affairs of the financial company.
- (4) A financial company commits an offence if it fails or hinders in anyway an examination of its affairs to be carried out by the Bank or its appointee and, on conviction, shall be liable to a penalty prescribed by the Bank. For the purpose of these regulations “hinder” means any act or omission which impedes or delays or obstructs a duly authorized officer of the Bank or its appointee from conducting an examination.
- (5) A financial company shall take appropriate measures deemed necessary by the Bank to rectify any unsound or unlawful affair established as a result of an examination authorized by the Bank. The licence of a financial company shall be unsuspended or revoked by the Bank if, in its judgement, the unsound or the unlawful affair is not fully rectified after the expiration of the period allowed the financial company by the Bank to do so.
- (6) An examination includes but need not be restricted to verification, review, audit, investigation and inspection of the books, files and records of a financial company in connection with its business or financial affairs. It also includes reproduction of the books, files and records or parts thereof as well as taking possession and keeping them under the custody of the Bank or its appointee after issuing proper receipt thereon. In addition it includes interviewing the directors and official of the institution.

- (1) It is a duty of a financial company to draw-up a security programme for the protection of its assets. The programme shall be approval by the board and be properly documented and strictly executed by management.
- (2) The measures under the programme shall provide adequate protection and safety for its cash holdings and other properties by making it extremely difficult or impossible in carrying out robbery. They must also enhance the chances of the law enforcement authorities to detect, apprehend and prosecute culprit(s).

23 - Alterations in regulations and the board membership

- (1) A financial company shall furnish the Bank within one month from coming into effect with:
 - a) every change in its regulations or other rules for the conduct of its business; every change in the membership of the board.

24 - Sale or amalgamation

A financial company shall submit to the bank for approval any arrangement or agreement which it proposes to enter for the sale or disposal by amalgamation or otherwise of its business.

25 - Appointment of auditor

- (1) A financial company shall appoint an auditor acceptable to the Bank at the beginning of each year who shall audit its accounts, books and records and prepare the balance sheet and profit and loss account of the year.
- (2) No person shall be appointed an auditor under this section unless the person is;
 - a) a member of the Institute of Chartered Accountants;
 - b) a practising accountant;
 - c) resident in The Gambia or if not so resident, his or her residence outside The Gambia is specifically approved in writing by the Bank;
 - d) not disqualified by any law in force in The Gambia or any other country from being appointed an auditor;
 - e) is not a director or an officer of the financial company to be audited.

26 - Liquidation

(1) **Voluntary liquidation**

- a) A financial company shall not commence any action that leads to its voluntary liquidation without the written approval for it to do so by the Bank.

The ability of the institution to pay all its depositors and creditors without any delay shall constitute part of the

consideration to be taken into account by the Bank in granting an approval for voluntary liquidation.

- b) The authority for voluntary liquidation shall be vested in the shareholders and exercised at annual or extraordinary general meeting.

(2) **Compulsory liquidation**

A financial company shall enter into compulsory liquidation when its licence is revoked or it becomes insolvent.

(3) **Procedure for liquidation**

The steps for liquidation shall be in accordance with the provisions set out in the FIA 1992.

PART B - GUIDELINES

27 - Liquidity

- (1) A financial company licensed under Section 3(1) of FIA 1992 shall maintain liquid assets with itself and/or in accordance with the provisions of Section 12(2)(a) of these regulations, a sum not less than 15% (fifteen) percent or more than 40% (forty) percent of its total deposit liabilities.
- (2) Every licensed financial company shall further maintain additional assets in a form of Current Account with the Central Bank in the sum equivalent of not less than 10% (ten) percent of its total deposit liabilities for the purpose of monitoring liquidity and reserve requirements.
- (3) For the purpose of computation of any deficit or default under 27(1) and (2) supra, the average weekly balance on a five-day week basis will apply.
- (4)
 - a) For non-compliance with ratios in Section 27(1)(2) supra and as prescribed under Section 12(a)(b)(f), the defaulting institution shall pay a penalty in respect of each week during which the deficiency continues of the sum calculated asof the deficiency which exists during the week.
 - b) If a fresh loan, credit, advance or investment is sanctioned during the period of deficiency, a penalty of not less that will be levied for each day that the contravention continues.

28 - Risk management

- (1) Section 01(a) of these regulations sets out loans, credits, advances and investments in Government and Bank bonds or bills as part of the business activities carried out by a financial company. While engaging in such a financial activity, every financial company shall comply with exposure limits set out in Section 17 of these regulations.
- (2) In addition to provision in Section 17, the following are further Guidelines for Credit/Risk Exposure Management:

- a) **Definition of Risk Asset/Exposure**

In these guidelines the term “risk asset/exposure” or the word “financing” includes giving any loans, credits or advances or other forms of credit or financial guarantee or indemnity to one person or a group of persons or investments in authorized bonds or bills or in equities of any company by a licensed financial company.

- b) **Related transaction**

While making any loans, credits or advances and/or such investments in bonds, bills or equities or other financial commitments to one person or a group of persons, the limit on all such facilities in the aggregate shall not exceed 25% (twenty-five) percent of the net worth of the licensed financial company.

c) **Connected transactions**

A licensed financial company shall not grant:

- i) any loan or credit or advance or extend any other financial facilities against the security of its own shares;
- ii) any loan or credit or advance or other facility in excess of the aggregate and outstanding at any time, 10% (ten) percent of the financial company's net worth to any firm/company or groups of firms or companies in which the financial company's director or official has interest as a partner, a guarantor or is one of the principal shareholders and in case such facilities are unsecured the amount in aggregate shall not exceed 5% (five) percent of the institution's net worth;
- iii) to any of its directors, officials and employees any unsecured loans, credits or advances which will constitute a financial liability on the financial company amounting in the aggregate in the case of:
 - (1.1) a director to more than 2% (two) percent of the financial company's net worth,
 - (1.2) any official or employee to more than two year's salary of such official or employee.

d) **Inter-Institutional transaction**

i) Any proposal of granting loan, credit or advance or undertaking any financial guarantee or indemnity to or investment in equity of any banking institution shall forthwith be reported to the Bank with complete details of such transactions including the name of the counter-party, bank or financial institution; nature of facility, amount of facility, type and value of collateral obtained, rate of interest/fee, etc.

e) **Classification of portfolio**

A financial company shall review its credit/risk asset portfolio on an on-going basis and shall make a healthy grading of all such assets as Current, Substandard, Doubtful or Loss.

f) **Provisioning and treatment of interests**

All loans, credits, or advances/risk assets or receivables classified as substandard, doubtful or loss will be placed on a non-accrual basis.

g) **Provisions**

(i) Based on the risk exposure classification, the minimum provisions ranging from 10% (ten) percent, 25% (twenty-five) percent and 100% (one hundred) percent should be made as loan or credit or advance/assets loss provision. Beside, a general provision of 1% (one) percent in respect of current loans, credits, advance/risk assets may be made.

29 - General Reserve

(1) Every financial company will observe the requirements on General Reserve provided under Section 15 of these regulations.

(2) **Further guidelines are provided as follows:**

a) After making the provision required under Section 13(1)(a)(c-f) of these regulations and before declaration of dividends, the following norm may be adopted:

i) where the financial company's Reserve Fund is less than 50% (fifty) percent of its paid-capital, an amount equal 50% (fifty) percent of its net profit for the year;

ii) where the financial company's Reserve Fund 50% (fifty) percent or more but less than 100% (one hundred) of its paid-up capital, an amount equivalent to 25% (twenty-five) percent of its net profit for the year; or

iii) where the amount of the financial company's Reserve Fund is equal to 100% (one hundred) percent or more of its paid-up capital, an amount equal to 12% (twelve) percent of the net profit for the year.

30 - Deposits

(1) Products and Services

Section 01(2) of these regulations authorize a financial company to mobilize savings and time deposits from the public and to grant scheduled loans, credits and advances out of such deposits while observing liquidity ratios with regard to its liquid assets vis-à-vis total deposit liabilities.

(2) Deposit – Receipts and Payments

- a) A financial company shall maintain one or more registers for recording certain specified particulars in the case of every depositor such as name, address of depositor, types of deposit, date of receipt/date or renewal, date of maturity, interest rate payable. The registers are required to be kept at the place of business and preserved in good order for five calendar years following the financial year in which the latest entry was made of the repayment or the renewal of the deposit.
- b) A financial company shall furnish to each depositor a receipt containing clearly, particulars such as name of depositor, amount, date of receipt, date of repayment, rate of interest etc.
- c) The particulars relating to unclaimed deposits shall be included in the reports to the board of directors and laid before the shareholders at its general meeting with indications of steps taken for payment of such amounts which are overdue but not disbursed.

- d) A financial company shall determine its own interest rates for receipt of deposits. However, these rates should be made known to the public and interested parties well in advance and in clear terms, and made regularly available to the Bank.
- e) In case brokers/agents are employed for the collection of deposits, brokage or agency commission or incentive or any other benefit may be paid by the principals at an agreed percentage of the deposit collected (not per annum) as one time payment.
- f) A financial company shall determine the rules and conditions for receiving deposits with the approval of its board of directors and shall display them prominently or make the easily available and will also contain the procedure and the conditions for withdrawal of deposits under both normal and premature circumstances.
- g) A financial company shall furnish to the Bank, along with a copy of the Annual Audited Financial statements, a certificate from its auditors, to the effect that the full liabilities to the depositors of the financial company including interest payable thereon are properly reflected in the Balance Sheet and that the financial company is in a position or otherwise to meet the amount of such liabilities to the depositors as and when they accrue.
- h) A financial company shall accept, renew or convert any deposit on a written application by the depositor on the form to be supplied by the institution. This form should contain all the particulars relevant for that deposit.

31 - Soliciting Deposit

(1) Advertisements and Invitations

- a) Every advertisement or invitation that may be made soliciting deposits either generally or by way of a scheme or otherwise from the public shall contain factual information and no misleading information should be made. The factual information should include the actual rate of return on the deposit, mode or repayment to depositors, maturity period of deposits, interest payable on deposits, interest rate on premature withdrawals of deposits and any other special features.

- b) In case of financial company intends to accept large value of deposits from any person or persons without a general invitation it will suffice if the company in advance files a statement containing full details, in lieu of advertisement, with the Bank.

32 - Interest Rates

A financial company is free to determine and charge its own rate of interest on deposits mobilized, loans, credits or advances granted and levy charges for any services rendered. Any of these should be made known to the public in advance and made available to the Bank within 2 (two) weeks before the effective date.

33 - Accounting System

- (1) A financial company is at the liberty to determine the type of accounting system and records it desires to establish for its financial transactions. Notwithstanding, these should be consistent with the normal or acceptable standard that an average financial company will maintain under the same circumstances and must include among others:
 - a) a proper set up for receiving and paying cash and for conducting other accounting duties;
 - b) a safe or a strong room with a safe for keeping cash, bonds, certificates, agreements, securities seals and other valuable items belonging to the financial company and third parties;
 - c) a clear procedure for counter control, opening and closing the day's cash movements;
 - d) books and records on all deposits, loans and investments;
 - e) books and records on all other incomes and expenditures besides those of loans and deposits respectively.
 - f) Books and records on all assets and liabilities;
- (2) The accounting books, records and statements should give accurate and current picture of all financial transactions of the financial company and shall be easily audited.

34 - Accounting Year and Financial Information

- (1) For the purpose of requirements under Section 20 of these regulations financial companies are to follow the financial year commencing on 1st January and ending 31st December of each calendar year.
- (2) The schedule of returns as required under Section 20 should be submitted as follows:
 - a) Monthly reports shall reach the Bank by the 10th (tenth) day of the following month.
 - b) Quarterly reports shall be in respect of quarters ending 31st March, 30th June, 30th September and 31st December of each calendar year and shall reach the Bank within 20 (twenty) days from the last day of the quarter being reported on.
 - c) Half yearly reports shall be in respect of half years ending 30th June and 31st December of each calendar year and shall reach the Bank within 30 (thirty) days from the last day of the half year of the report; and
 - d) Yearly statement shall be in respect of a calendar year ending 31st December and shall reach the Bank not later than 30 (thirty) days from the last day of the year.
- (3) The failure to comply with any of these requirements provided here above shall constitute a deficiency or an offence on the part of financial company, which upon conviction, shall be liable to a penalty prescribed by the Bank.

35 - Submission of Audited Accounts

While complying with the provisions of Section 20(2)(g) and 25(1) of these regulations to auditing of accounts, a financial company shall ensure that a copy of the audited accounts is submitted to the Bank within 3 (three) months of the end of the year to which it relates.

36 - Statutory Registers and Books

- (1) As limited liability company, a financial company should keep all statutory registers and books required under the law in accordance with the Companies Act 1955. These should include:
 - a) share applications and allotments;
 - b) directors and secretaries;
 - c) directors' holdings;
 - d) mortgages and debentures;
 - e) minutes of directors' meetings;
 - f) minutes of shareholders' meetings.

37 - Procedure for obtaining licence

- (1) No person is permitted to operate a financial company or engage in any banking business prescribed by the Bank for financial companies without a licence issued by the Bank authorizing the person to do such business.
- (2) A written application for a licence should be submitted to the Bank in such a form as the Bank may prescribe under Sections 39 and 40 of these Guidelines. Two copies of the application together with all mandatory attachments are to be submitted by hand or under registered post. The mandatory attachments must include among others:

- a) Memorandum of Association which will indicate among others the name, objects, place of business, type of company, authorized capital, shares subscribed or minimum paid-up capital, evidence of paid up capital, expenditures incurred by promoters towards the establishment of the financial company, evidence of start-up capital.
- b) Articles of Association which should provide details on the organization and rules of the financial company indicating the board members and their qualifications; the powers, duties, limits and liabilities of the board, qualified personnel for management of the financial company; office premises and equipment, rules on quorum, and annual general meeting, rules when winding-up; and
- c) Arrangement for commissioning the financial company.

(2) **Evaluation of application**

- a) In considering an application, the Bank will conduct such an investigation as may be deemed necessary to ascertain the validity of the information submitted by the applicant or may demand more information from it.
- b) It will pay special attention to the:
 - i) history, status, experience and character of application or promoters;

- ii) adequacy of capital structure, floating of ordinary shares and keeping share register;
- iii) management and administrative capacity of applicant;
- iv) acquisition, renovation and furnishing or suitable office premises;
- v) convenience and the need of the community to be served and the suitability of the place of business;
- vi) economic and social progress likely to be generated.

(3) **Processing Period**

Within 60 (sixty) days after the receipt of the application or where further information is required, after the receipt of such information, the Bank may grant the approval for the licence or decline the application and duly communicate its decision in writing to the applicant without necessarily assigning the reason for refusal.

(4) **Incorporation of the Company**

- a) Upon the approval of the application, the applicant shall submit to the Registrar of Companies the details of the information contained in the application and the Memorandum and Articles of Association submitted by the applicant and as amended to the satisfaction of the Bank for the purpose of incorporating the financial company with liability as a non-bank financial institution – Savings and Credit Company.

- b) Immediately after incorporation, the financial company should provide the Bank with two certified copies of the Memorandum and the Articles of Association as registered in pursuant to the Companies Act 1955 as well as a copy of the registration certificate. If the Bank remains satisfied with the application as incorporated, it shall issue the financial company with a licence which will be valid for 1 (one) year.

(5) **Other licensing requirements**

- a) A financial company should not commence business without receiving its licence issued by the Bank.
- b) Without the approval of the Bank, a financial company should not change or amend its registered Memorandum and Articles of Association.
- c) The licence of a financial company must be conspicuously displayed in its office. Preferably, it should be in a protectively frame.
- d) A non-refundable fee of D250 (two hundred and fifty dalasis) or as may be prescribed will be charged by the Bank for processing any application for a licence or the renewal of a licence.

38 - Other Matters

(1) **Dismalifications and duties of a director**

- a) The conditions disqualifying a person from being appointed or elected a director or appointed an officer of a licensed financial company or for the cessation of membership of the board or being an officer of a licensed financial company shall be in accordance with the provisions of Section 24 of the FIA 1992.
- b) Every director and officer of a financial company shall be governed by the provisions of Sections 25 and 26 of FIA in the course of conducting his or her duties.

(2) **Changes in Board's composition**

A financial company shall notify the Bank of every change of a director on the Board or chief executive officer 30 (thirty) days in advance of such a change and if, such a change occurs for a sudden reason, within 3 (three) days after its occurrence with the reasons for the proposed change/occurrence.

(3) **Undesired activities**

- a) A financial company shall not engage in or finance any activity in any way which, relates to gambling, betting or any other activities that are likely to jeopardise the deposits of customers.
- b) A financial company shall not purchase or lease or otherwise acquire real property except for the purpose of acquiring office accommodation for its business or living accommodation for its staff.

- Powers, duties, Limits. Liabilities and functions of Directors;
- Management of Organization;
- Powers, Duties, Limits, Liabilities and Functions of Management;
- Qualifications for Management positions;
- Office premises (set-up, furnishing and other facilities);
- Rules on Annual General Meetings;
- Rules when winding-up;
- Rules on Quorum;
- Other rules of operation;

(11) Arrangements for commissioning the Savings and Credit Company.

(12) Economic and social justification for locating the Savings and Credit Company in the place of business.

**40 CENTRAL BANK OF THE GAMBIA
1-2 ECOWAS AVENUE, BANJUL, THE GAMBIA**

**APPLICATION FOR A LICENCE TO OPERATE
SAVINGS AND CREDIT COMPANY**

To be completed after registration of the company

- (1) Name of Applicant:.....
- (2) Address:.....
.....
.....
.....
- (3) Business Registration Certificate
Number Date of Issue
- (4) Purpose of Business:.....
.....
.....
- (5) Location of Proposed Savings and Credit Company:.....
.....
.....
- (6) Signature:.....
- (7) Name:.....
- (8) Designation:.....
- (9) Date:.....

(Attach 2 (two) certified copies of Registration Certificate and the registered Memorandum and Articles of Association.)

PART C - INTERPRETATION

- (1) Unless otherwise specified or the context requires, the terms used in these rules and guidelines:
- a) “Bank” means the Central Bank of The Gambia.
 - b) “Banking business” means “the business of receiving funds from the public or a financial institution through the acceptance of deposits, or any similar operations through the sale or replacement of bonds, certificates, notes and other securities, and the use of such funds either in whole or in part for advances, investments or in any other operation with authorized by law or by customary banking practices, for the account and at the risk of the person doing such business”, per Section 2(1) FIA 1992.
 - c) “Board” means the Board of Directors of the Savings and Credit Company or Financial Company.
 - d) “Capital” means money contribution made by shareholders of the Savings and Credit Company and reserves authorized by the Bank.
 - e) “Deposit means” a sum of money paid on terms,
 - i) that is to be repaid, with or without interest or premium of any kind, and either on demand or at a time in circumstances agreed by or on behalf of the person making the payment and the person receiving it; and

- ii) that it is not referable to the provision of property or services or the giving of security whether or not evidenced by any entry in a record of the person receiving the sum or by any receipt, certificate, note or other document, and references in the FIA 1992 to money deposited and to the making of a deposit shall be construed accordingly”; per Section 2(1) FIA 1992.
- f) “Director” means a member of the Board of Directors empowered to carry out substantially the functions in relation to the direction of a Savings and Credit Company as those carried out by a director of a company constituted under the Companies Act.
- g) “Licensed Savings and Credit Company or Financial Company” means a Savings and Credit Company or a Financial Company licensed under the provisions of the FIA 1992.
- h) “Minister” means the Minister responsible for the administration of FIA 1992, per Section 2(1) FIA 1992.
- i) “Person” means and includes any individual or group of individuals or company or association or body of persons whether or not incorporated. For the purpose of these regulations association of one person with one another is determined as interpreted under Section 2(2) FIA 1992.
- j) “Place of business” means the principal office or any branch or office of a Savings and Credit Company in The Gambia, including a mobile office open to the public.
- k) “Prescribed” means to prescribe by Guidelines, interpretation, bulletin or other writing by the Bank.