



**BANK SUPERVISION DIVISION**

**MINIMUM LICENSING REQUIREMENTS FOR  
CREDIT-ONLY MICROFINANCE INSTITUTIONS**

**January 2023**

## 1. GENERAL REQUIREMENTS

1.1 No person shall conduct credit-only microfinance business without a valid credit-only microfinance licence, in terms of section 7 of the Microfinance Act [Chapter 24:30].

1.2 An application for a credit-only microfinance licence in terms of the Microfinance Act shall be made in writing to the Registrar of Microfinance Institutions, at the Reserve Bank of Zimbabwe, through emails – [echinyani@rbz.co.zw](mailto:echinyani@rbz.co.zw); [rmushosho@rbz.co.zw](mailto:rmushosho@rbz.co.zw); and [smashonganyika@rbz.co.zw](mailto:smashonganyika@rbz.co.zw); and shall be accompanied by the following documents and information:

- a) For local applicants, proof of payment of a registration fee of **ZW\$ equivalent to US\$300 or as maybe prescribed from time to time**, into the Reserve Bank Account: **PL52041** through a cash deposit in the Reserve Bank banking halls, or via an RTGS transfer.
- b) Foreign applicants may deposit an application fee of **US\$300.00** or transfer the amount into the Reserve Bank Account detailed below:

**Account Name:** FBC Bank Limited  
**Correspondent Bank:** Standard Chartered Bank, New York  
**Correspondent Bank Swift Code:** SCBL US 33

**Currency:** **USD**  
**Account Number:** 3582059991001  
**FBC Bank Ltd Swift Code:** FBCPZWHA  
**FOR FURTHER CREDIT TO:** RESERVE BANK OF ZIMBABWE  
**SWIFT CODE:** REBZZWHX  
**ACCOUNT NUMBER:** 4870204240186

**Purpose** : Application fee for a deposit-taking microfinance licence

- c) Completed Application Form in the prescribed format and the following attached documents:
  - i Certified copies of Certificate of Incorporation and Memorandum and Articles of Association of the applicant company registered in terms of the Companies and Other Business Entities Act [*Chapter 24:31*];
  - ii Register of members containing names, physical addresses, and occupations of persons who hold significant interest directly or indirectly in the proposed institution and the respective levels and values of such shareholding registered with the Registrar of Companies;
  - iii The names of the applicant's directors, chief executive officer, chief accounting officer and such other officers as maybe prescribed, together with their addresses, qualifications and such other particulars about them as may be prescribed;
  - iv Shareholder's affidavit declaring the beneficial shareholder(s), where shares are held by an unnatural person. The details should include name

of institutional shareholder, the names of natural persons who are beneficial owners of shares in the institutional entity and their respective percentage shareholding.

- v Proof of authorized and paid-up capital (Form CR11) duly registered with the Registrar of Companies;
- vi Proof of availability of minimum paid-up share capital in the form of bank statement in the name of the company or the promoters/ shareholders of the company and proof of the sources of the funds;
- vii Proposed directors (Form CR6) registered with the Registrar of Companies;
- viii Proof of registration with tax authorities (ZIMRA);
- ix A business plan, whose contents are detailed in **Section 8** below; and
- x Any other information and documents that the Registrar may prescribe or require.

1.3 Only names that are registered with the Registrar of Companies shall be used. No “**trading as**” names shall be accepted.

1.4 No applications will be accepted from partnerships or companies limited by guarantee. Such companies should convert to share capital companies prior to seeking registration as microfinance institutions.

1.5 NGOs and Trusts should register separate companies to conduct microfinance business, with own board of directors and management.

1.6 Credit-only microfinance institutions are required to operate from formal business premises and not premises that are also used for residential purposes. Lease agreements for the head office and all branches should be submitted together with the application.

## 2. SHAREHOLDING THRESHOLDS

2.1 Shareholding in a credit-only microfinance institution shall be subject to prior approval by the Registrar and the following limits shall apply:

Table 1: Shareholding Thresholds

Type of Shareholder	Percentage Limit
Financial entity /Corporate Entity	100
Any other person	25
Member of executive management	5

2.2 Shareholders with **five percent (5%)** or more equity stake in a credit-only microfinance institution shall be vetted in terms of the **Prudential Standards No. 07-2014/BSD: Fitness & Probity Assessment Criteria**.

2.3 No individual, related parties or corporate entities and/or their subsidiaries or proxies shall own controlling interest in more than one credit-only microfinance institution.

2.4 No person shall hold more than such percentage of shares in a microfinance institution as may be prescribed.- until a percentage is prescribed in terms of section 34 (1), no person shall hold more than 25% shareholding in a credit-only microfinance institution.

2.5 A microfinance institution cannot appoint a principal officer who holds more than 5% shareholding in the institution without the Registrar's prior approval.

- 2.6 The acquisition or transfer of **five percent (5%)** or more equity shareholding of a credit-only microfinance institution shall be subject to prior approval of the Registrar.
- 2.7 **Source of Capital** - The applicant company's shareholders should disclose their source of capital resources invested in the microfinance business.
- 2.8 Corporate Shareholders (with a minimum of 5% shareholding) should submit copies of audited Financial Statements for the past **two (2) years**, Certificate of Incorporation, Memorandum & Articles of Association, **their ultimate and effective** shareholding structure, and Tax Clearance certificates.
- 2.9 Where shares are held by unnatural persons, shareholders should submit an **Affidavit** declaring the details of ultimate beneficial shareholders, which should include names of institutional shareholders, the full names of natural persons who are beneficial owners of shares in the institutional entity and their respective percentage shareholding.
- 2.10 Where the applicant microfinance company is a member of a Group of Companies, a Group Corporate Structure showing all the associate companies should be submitted.

### **Foreign Shareholders...**

- 2.11 Every foreign shareholder intending to invest in a **greenfield investment** or into **an existing credit-only microfinance institution**, is required to register its investment with the Exchange Control Division at the Reserve Bank of Zimbabwe to facilitate remittance of dividends and any other funds payable to shareholders.

2.12 Every foreign shareholder investing in a **greenfield investment** is required to submit a separate application for an Investment Certificate to the Zimbabwe Investment Authority on the following address:

Zimbabwe Investment and Development Authority  
5<sup>th</sup> Floor, ZB Life Towers,  
Harare, Zimbabwe  
Cnr. Jason Moyo & Sam Nujoma Ave

Telephone: +263 242 8688002640 – 3  
+263 242 757933  
+263 242 780142 - 3

Email: [info@zidainvest.com](mailto:info@zidainvest.com); [promotions@zidainvest.com](mailto:promotions@zidainvest.com)

<http://www.zidainvest.com>

### 3. CAPITAL REQUIREMENTS

3.1 Every applicant credit-only microfinance institution shall have and maintain on an ongoing basis, a minimum paid-up share capital of ZWL\$ equivalent to USD25,000 or as may be prescribed.

3.2 The following should be submitted together with the application:

- a) Verifiable and acceptable evidence of payment of the minimum paid-up capital by the proposed shareholders;
- b) Proof of source of capital in the form of bank statements, investment redemption statements; and
- c) Proof of registration of the capital with the Registrar of Companies, in

the form of copies of Forms CR10, CR8 or CR11 where applicable.

- 3.3 Every shareholder shall be required to submit a sworn statement that capital contribution does not consist of borrowed funds or any activities relating to money laundering or illicit transactions.
- 3.4 Every foreign corporate investor shall also be required to submit the following:
- a) Proof of capital flow issued by an authorized dealer;
  - b) Proof of requisite Zimbabwe Investment Authority (ZIA) and any other relevant approvals;
  - c) Board Resolution authorizing the company to invest in the credit-only microfinance institution, and the designated persons who will represent the company;
  - d) Audited accounts for the past two years and profile of the company; and
  - e) A letter of authorization from the home supervisory authority (for regulated entities).
- 3.5 Every foreign shareholder investing in a greenfield investment is required to register its investment with the Exchange Control Division at the Reserve Bank of Zimbabwe to facilitate remittance of dividends and any other funds payable to shareholders.
- 3.6 The eligible capital components for minimum capital purposes are:
- a. Issued and fully paid up ordinary share capital;
  - b. Irredeemable and Non-Cumulative Preference Shares
  - c. Reserves consisting of:
    - i Non-repayable share premiums;



- ii Disclosed reserves created by a charge to net income in the financial year immediately preceding the current one;
- iii Published retained earnings for the current year, including interim earnings, where these have been verified by external auditors; and
- iv Such other elements as may be prescribed from time to time.

## **4. CORPORATE GOVERNANCE**

### **Board of Directors...**

- 4.1 A credit-only microfinance institution shall have a board of directors of not less than three (3) members. At least three-fifths of the members should be non-executive directors.
- 4.2 The Board of Directors shall consist of suitably qualified members with a balance of skills including experience in the financial services sector.
- 4.3 The chairperson of the company should be a non-executive director.
- 4.4 No individual shall be appointed as a director of a credit-only microfinance institution if the person is a director of another credit-only microfinance institution, deposit-taking microfinance institution, banking institution or another financial institution in competition with the credit-only microfinance institution except where the credit-only microfinance institution is part of the same group.

### **Board Committees...**

- 4.5 Every credit-only microfinance institution shall establish a minimum of two board committees to facilitate effective oversight of the microfinance business. The committees should include Credit Committee, and Audit Committee.
- 4.6 Each of the board committees shall have comprehensive and clear Terms of Reference.
- 4.7 The Board Audit Committee shall comprise of non-executive directors only and must be chaired by an independent non-executive chairperson.
- 4.8 Each board committee shall have a minimum of three (3) members. No board member shall sit in committees with conflicting mandates in terms of corporate governance best practice.
- 4.9 Every credit-only microfinance institution is required to comply with the provisions of **Guideline No. 01-2004/BSD: Corporate Governance**.
- 4.10 The applicant's organizational structure which meets generally accepted principles of good corporate governance in line with the Microfinance Act [Chapter 24:30] should be submitted.
- 4.11 A valid tax clearance certificate for the applying credit-only microfinance company should also be submitted.

#### **Appointment of an External Auditor...**

- 4.12 Every credit-only microfinance institution is required to appoint as its external auditor in Zimbabwe a person who is registered as a public auditor in terms of the Public Accountants and Auditors Act [Chapter 27:12]. Such a person should have been selected for appointment and approved for appointment by the Board Audit Committee of the credit-only microfinance institution.

4.13 An application for the appointment of an external auditor shall be accompanied by the following documents:

- a) Copy of *curriculum vitae* for the auditor;
- b) Certified copy of an identification document for the auditor;
- c) Affidavit of fitness and probity for the auditor;
- d) Police clearance certificate for the auditor;
- e) Tax clearance certificate for the auditor;
- f) Net worth statement for the auditor;
- g) Copy of the Practising certificate of the auditor, issued by the Public Accountants & Auditors Board; and
- h) Board Audit Committee of the microfinance institutions, nominating the auditor for appointment.

## **5. E. MANAGEMENT**

- 5.1 Every credit-only microfinance institution shall appoint, subject to prior approval by the Registrar, a full-time Chief Executive Officer (CEO), a Chief Finance Officer (CFO), and any other senior officer in terms of the requirements of the Microfinance Act [*Chapter 24:30*], in line with the nature of the institution's activities.
- 5.2 Any person who holds more than 5% shareholding shall not be appointed a principal officer of a microfinance institution without the Registrar's approval.
- 5.3 Directors and senior management should have sufficient and relevant academic qualifications (at least a diploma) and relevant professional experience.

## 6. REQUIREMENTS FOR FITNESS AND PROBITY ASSESSMENT

6.1 Every shareholder with at least **five percent (5%)** equity in a credit-only microfinance institution, a board member and member of senior management team require to be vetted and shall be subject to approval by the Registrar.

6.2 The following information and documentation shall be submitted to the Registrar to facilitate the fitness and probity assessment of individual shareholders, directors and members of senior management team:

- a) Certified copy of identification certificate or valid passport and one colour passport size photograph;
- b) Detailed Curriculum Vitae, with the exception of shareholders;
- c) Certified copies of relevant academic and professional certificates for directors and senior management;
- d) An affidavit in the format prescribed by the Registrar, see Appendix A;
- e) net worth statements duly certified by auditors registered in terms of the Public Accountants and Auditors Act [*Chapter 27:12*];
- f) tax clearance certificate *issued within the last six (6) months*; and
- g) police clearance certificate *issued within the last six (6) months*.

6.3 For institutional shareholders, the following information and documentation shall be submitted to the Registrar:

- a) Certified copies of Memorandum & Articles of Association;
- b) Certified copy of Certificate of Incorporation;
- c) Names of shareholders and composition of board of directors

accompanied with the appropriate Form CR11 and CR6;

- d) Audited financial statements for the past two (2) years;
- e) Resolution of the Board of Directors or General Meeting authorizing the investment;
- f) Where the company is not yet trading, the shareholders should submit net worth statements for the shareholders duly certified by auditors registered in terms of the Public Accountants and Auditors Act [*Chapter 27:12*]; and

6.4 All vetting documents being submitted from any other jurisdiction outside Zimbabwe will need to be notarized and authenticated by a duly registered Notary Public.

6.5 Where a credit-only microfinance institution intends to employ a foreigner, they should submit a separate application for an Employment Permit with the Department of Immigration on the following address:

The Principal Director,  
Department of Immigration,  
Corner Herbert Chitepo Avenue / Leopold Takawira Street.  
HARARE. ZIMBABWE.  
Telephone: 263 - 4- 242791913/8.  
[Website: http://www.zimimmigration.gov.zw/](http://www.zimimmigration.gov.zw/)

## 7. NON-PERMISSIBLE ACTIVITIES

7.1 In addition to the provisions of **section 25** of the Microfinance Act with respect to non-permissible activities, every credit-only microfinance shall not engage in the provision of the following financial services:

- a) financing of speculative and illegal activities; and
- b) any other prohibited activities as may be prescribed from time to time.

## **8. CONTENTS OF BUSINESS PLAN OF THE MICROFINANCE INSTITUTION**

### **8.1 Identifying information:**

- a) Name and location of the applicant microfinance institution. This should include physical addresses of all branches.
- b) A brief background of the institution, board members and senior managers of the microfinance institution.

### **8.2 Market analysis:**

- a) Identification of the market(s) to be served by the applicant microfinance institution.
- b) Description of the economic characteristics of the identified markets including anticipated changes in the market, factors influencing such changes and possible effects on the applicant;
- c) Description of developmental value of the applicant microfinance institution.

### **8.3 Business strategy and objectives:**

- a) Discussion of the major strategies to be implemented by the company to enable it to achieve its objectives; and
- b) Brief description of the products and services to be offered by the applicant.

## **Financial Performance**

- 8.4 The business plan shall include, or be accompanied by, the following projections based on normal assumptions and showing, where necessary, compensation to be given to management and staff, expected mixes of assets and liabilities, volume of each type of service to be offered, and fixed asset investment.
- a) A projected annual balance sheet for the next three (3) years of operation;
  - b) A projected annual income statement (profit and loss account) for three (3) years of operation.
  - c) A projected cash flow statement for three (3) years of operation.
- 8.5 In the case of a business plan from external operations, the above projections may be based on the first three (3) years of the external operations.
- 8.6 The projections should take into account assumptions on variables considered to be of importance to the institution's operations. These assumptions should include the following:
- i Inflation rates
  - ii Market Interest rates
  - iii Institution's projected lending rates
  - iv Bad Debts ratio
  - v Economic growth

## **Other requirements in the business plan**

- 8.7 Credit or Operational Policy and Procedure Manuals (incorporating adequate guidance to employees on procedures to be followed to ensure compliance with the microfinance Core Client Protection Principles).
- 8.8 Information pertaining to minimum and maximum loan sizes per corporate or individual borrower and maximum loan maturity period,
- 8.9 Breakdown of charges i.e. interest rates, administrative costs, any other charges, and the justification of the charges. The effective interest rate (monthly interest rate and all other charges) should be in line with market trends and reflective of responsible lending.
- 8.10 Comprehensive Complaints Procedure Manual (after licensing it has to be kept visible to the clients).
- 8.11 All complaints should be logged in a complaints register and the resolution process should be documented.
- 8.12 Copies of the Lease Agreements for business premises (head office and branches, if any).
- 8.13 Names of the external auditors and legal advisors.
- 8.14 Name of the MFI's Debt Collectors (where applicable). A copy of their license/certificate should be attached.
- 8.15 Submission of a copy of the Loan Agreement which the institution intends to use. The Loan Agreement must comply with the provisions of section 16 of the Microfinance Act [Chapter 24:30].



- 8.16 Submission of the strategies the institution has put in place to comply on an ongoing basis with the microfinance Core Client Protection Principles.
- 8.17 Submission of all charges (itemised) including the interest rates and the appropriate justification thereof.
- 8.18 If the Registrar is satisfied that the applicant has complied with the applicable requirements, a licence will be issued.
- 8.19 The Registrar may issue a credit-only microfinance licence with such conditions as may be deemed necessary.
- 8.20 Where a licence is granted subject to certain terms and conditions, the credit-only microfinance institution should comply with the stipulated terms and conditions to the satisfaction of the Reserve Bank, within such period as stipulated by the Reserve Bank. Failure by the licensed credit-only microfinance institution to comply with such conditions may result in the cancellation of the issued licence.
- 8.21 A registered credit-only microfinance institution shall not transfer or assign the issued licence.
- 8.22 In line with the provisions of the Microfinance Act, the Registrar may cancel the operating licence of a credit-only microfinance institution which does not commence credit-only microfinance business within six (6) months from the date of its registration.

**\*Promoters should note that any falsification and misrepresentation of facts would not only lead to denial of the applied licence but also to the blacklisting of the offending individuals.\***

## AFFIDAVIT OF FITNESS AND PROBITY

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### AFFIDAVIT OF FITNESS AND PROBITY

I, [*insert name, national registration number*] of [*insert physical address*], do hereby make oath and state that:

1. [*insert declarations as to directorships in other companies*];
2. [*insert declarations as to shareholding in other companies (including shareholding in a related subsidiary, whether held directly or indirectly through other interests)*];
3. [*insert declarations as to whether you have the appropriate qualification and experience to effectively fulfil the role and responsibilities of the position and attach *curriculum vitae**];
4. [*insert declarations as to whether you are assuming concurrent responsibilities and how you will manage conflict of interest and ability to discharge your duties*];
5. [*insert declarations as to whether you are or have been the subject of any proceedings of a disciplinary or criminal nature, or have been notified of any impending proceedings or of any investigations, which might lead to such proceedings*];
6. [*insert declarations as to whether you are or have been the subject of civil or financial crime within the last five (5) years or enforcement action, in relation to the management of an entity, or commercial or professional activities, which were determined adversely against you*]

(including consenting to an order or direction, or giving an undertaking, not to engage in unlawful or improper conduct)];

7. [insert declarations as to whether you have faced criminal convictions or served sentences and whether you have been granted free pardons, whether in Zimbabwe or any other country];
8. [insert declarations as to whether you have contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice];
9. [insert declarations as to whether you have contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies];
10. [insert declarations as to whether you or any business in which you have a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately];
11. [insert declarations as to whether you have been engaged in any business practices in a negligent, deceitful, oppressive or otherwise improper (whether unlawful or not), or otherwise discreditable business or professional practices];
12. [insert declarations as to whether you have been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a license to conduct any trade, business

or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated];

13.[insert declarations as to whether you have made any arrangements or composition with your creditors, filed for bankruptcy, been adjudged bankrupt, had assets sequestrated, or been involved in proceedings relating to any of these];

14.[insert declarations as to whether you have held a position of responsibility in the management of a business that has gone into insolvency, or liquidation while you were connected with that business and whether you contributed to receivership, insolvency, or liquidation];

15.[insert declarations as to whether you have been a director of, or directly concerned in the management of, any institution which is being or has been wound up by a court or other authority competent to do so, or of any regulated entity, the licence of which has been revoked under any written law and whether you contributed to the winding up];

16.[insert declarations as to whether you have non-performing loans with any banking institution, building society, microfinance institution or other lending institution in Zimbabwe or outside Zimbabwe];

17.[insert declarations as to whether you have any judgement debts in Zimbabwe or outside Zimbabwe or bad debts with retailers, utility companies or any other credit service provider in Zimbabwe or outside Zimbabwe]; and

18. [Insert declarations as to whether you are free from any business or other relationship which could materially pose a conflict of interest in discharging your duties as an appointed person within the institution].

SWORN TO AT ..... THIS ..... DAY OF ..... [YEAR] .....

SWORN TO BY: .....  
[NAME OF PERSON DEPOSING TO THE AFFIDAVIT]

.....  
[SIGNATURE OF PERSON DEPOSING TO THE AFFIDAVIT]

BEFORE ME: .....  
[COMMISSIONER OF OATHS]

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