

THE A-Z OF LICENSING BECOMING A MONEY REMITTANCE OPERATOR/PROVIDER LICENCE

The following are the key steps in the licensing of MRPs under the Central Bank of Kenya Act and Money Remittance Regulations issued thereunder:-

1. Stage 1: Approval of Name

- a) Contact the Central Bank of Kenya at an early stage for preliminary meeting to discuss licensing requirements and related issues.
- b) Propose and reserve at least three business names with the Registrar of Companies that have the words “money remittance” or “money transfer” as a brand name.
- c) Submit the proposed names to the Central Bank in order of priority before incorporation of the company as a company limited by shares.

2. Stage Two: Application for Licence

- a) Complete and Submit a certified Application Form (CBK/MRB/1 of the First Schedule) to CBK accompanied by all supporting documents, including –
 - i. A certified copy of the Certificate of Incorporation;
 - ii. Certified copy of the tax Personal Identification Number (PIN) certificate;
 - iii. Certified copy of the registered Memorandum and Articles of Association indicating paid up capital of at least Kshs 10 million which is expected to increase to Kshs.20m by December 2014;
 - iv. Verified official notification of the company's registered place of business, including the prospective places of business (Head Office, branches, agency and outlets, if any);
 - v. Pay a non-refundable application fee of Kshs 20,000 to the Central Bank by bankers' cheque or RTGS.
- b) Provide evidence of minimum core capital of Kshs.10 million and ability to increase the same to Kshs.20 million by 31st December 2014
 - i. Evidence should be reflected in a bank statement of a licensed bank or microfinance institution indicating the isolated funds and/or Government of Kenya Treasury Bills and Bonds not under lien;
 - ii. Evidence should either be in the name of the company and/ or the promoters/ shareholders of the company;
 - iii. The promoters/ shareholders should give the Central Bank authority to verify the authenticity of the bank statement directly from the bank or microfinance institution;
 - iv. The promoters/ shareholders should provide the distribution or allocation (ultimate beneficiaries, citizenship, amount and percentage)

of core capital to each individual promoter/ shareholder and/ or company, indicating significant shareholders/ promoters (owning at least 10% of the share capital).

- c) Prepare and submit a comprehensive feasibility study and business plan covering but not limited to –
- i. Executive Summary;
 - ii. Background;
 - iii. Governance structure including ownership;
 - iv. Summary of Financial and Operational Performance, if applicable;
 - v. Economic and Financial Markets Environment;
 - vi. Institutional and market Analysis;
 - vii. Scope of Business Activities/products;
 - viii. Three years projected Financial Statements and Analysis;
 - ix. Business continuity plan.
- d) Complete and submit the 'Fit and Proper Forms' (FORM/CBK/MRB/2) for all significant shareholders (at least 10% shareholding) and proposed directors accompanied by supporting documentation (certified) including –

For individual natural persons:

- i. Curriculum Vitae and certified copies of academic and professional certificates;
- ii. Personal Statement of Affairs to cover at least the last three years;
- iii. Evidence of and disclose source of funds e.g. certified copies of bank statements, fixed deposit receipt and government securities;
- iv. Certified copy of National Identity Card and Personal Identification Number (PIN) certificate;
- v. Total number and the percentage of shares to be acquired;
- vi. Two recent colour passport size photographs, at least one must be certified;
- vii. Names of three independent referees giving detailed contacts including postal addresses, e-mail and telephone numbers;
- viii. A credit report from a licensed credit reference bureau.

For Companies, Firms or Other Corporate Entities:

- i. Certified copy of the Certificate of Incorporation of the company or Certificate of Registration of Business or other entity;
- ii. Certified copy of the Memorandum and Articles of Association, Partnership Agreements or Constitution of the Association/body;
- iii. Certified copy of the organization's Personal Identification Number (PIN) certificate;
- iv. Resolution of the Board of Directors or General Meeting authorizing the investment;

- v. Where the entity is regulated, the name and addresses of the Regulator and a certified copy of licence to operate;
- vi. Audited Financial Statements for at least the last three years;
- vii. Evidence of, and disclose source of funds e.g. certified copies of bank statements, fixed deposit receipt, government securities;
- viii. Total number of and the percentage of shares to be acquired;
- ix. Ultimate beneficiaries of shares to be acquired; and
- x. A credit report from a licensed credit reference bureau.

For Forex Bureaus and associated entities

Forex bureaus and other entities already engaging in money transfer business will be required to provide the following additional requirements;

- i. Application seeking approval for the change of name;
- ii. Board and shareholders resolutions approving the transformation and the proposed investment (Business Plan approved by the board);
- iii. Copies of the last three years audited financial statements preceding the application, including the auditor's report, if applicable;
- iv. A due diligence report prepared by an external audit firm on the operational and financial performance, legal risks detailing a review of the adequacy of the management information system and internal control systems.

Foreign Companies

Foreign companies intending to set up a local subsidiaries will be required to submit further information including but not limited to –

- i. A copy of the board resolution authorizing the entity to invest in the money remittance business in Kenya;
- ii. Historical background of the foreign entity;
- iii. Signed declaration by the board of directors to adhere to the Act and Regulations issued thereunder and other relevant Kenyan Laws at all times during the validity of the licence;
- iv. List of all countries they operate from including the details of respective regulators.

3. Stage Three: Letter of Intent

Upon assessment and fulfillment all the above requirements in stage two, the Central Bank will issue a Letter of Intent, which is an approval in principle and advise the applicant on the next steps and requirements to be fulfilled before issuance of a licence and approval to commence operations, including –

- a) Payment of licence fee of Kshs 100,000 to the Central Bank by bankers' cheque or RTGs.
- b) Obtain a security consisting of either a surety bond, an irrevocable letter of credit from a commercial bank or a microfinance institution or an insurance bond of not less than Kshs.5 million or an amount equal to one percent of the applicant projected total volume of business for the first year of operation.
- c) Preparations of premises to meet prescribed standards and seek the Central Bank approval/ licence before commencement of operations.
- d) Complete and submit the Fit and Proper Forms for key senior officers (FORM /CBK/MRB/2) accompanied by all the supporting documentation, including but not limited to –
 - i. Curriculum Vitae and any documentation to support the application;
 - ii. At least three referees giving detailed contact address, e-mail and telephone;
 - iii. Previous employers and business of the proposed officers giving detailed contact address, e-mail and telephone;
 - iv. Certified photographs and copies of identification documents (ID card and/or Passport) and PIN certificate. Certification should be by a registered commissioner of oaths. In case of foreigners, documents need to be notarized by a public notary of their jurisdictions;
 - v. Submit a declaration that none of the senior officers owns or holds a similar position in another money remittance provider.
- e) Preparing and putting in place management information system and other institutional structures required for conducting the money remittance business including but not limited to –
 - i. Governance structures- board and senior management;
 - ii. Management Information Systems and infrastructure;
 - iii. Operations manuals – accounting procedures, Management Information System, internal audit and controls, Know Your Customer (KYC), operations and assets manuals and risk management policies.

NOTE: The Central Bank shall undertake a due diligence on the management and an assessment on the MIS and internal controls and procedures.

4. Stage Four: Issuance of Licence

The Central Bank, if satisfied that the Applicant has met all the requirements, may issue a licence authorizing the applicant to commence money remittance business.