APPLICATION FOR TIER 2 MICROFINANCE BUSINESS LICENSE CHECKLIST

Name of Applicant (Institution): …………………………………………………………..

Date of Submission: …………………………………….

Please indicate **YES** for items that are attached, **NO** for items that are not attached, and **N/A** for items that are not applicable to your application.

Reference is made to the *Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations, 2019*.

General Information to the Applicant

1. The applicant must formally be established under the Companies Act or any other relevant laws.
2. The business name of the applicant must include either of the following words "microfinance", "finance", "financial services", "credit" or "microcredit".
3. The applicant is required to pay a non-refundable application fee of TZS 500,000 for an entity/company or TZS 300,000 for an individual money lender through a direct transfer made to the Bank of Tanzania:

   Account No: 9944713001
   Account Name: MFCs & FICOs Applicant Fees
   Remittance Information: Application fee for (Put Name of Applicant)

4. All Tier 2 License applications for Microfinance Service Providers can be submitted to the Bank of Tanzania Head Office (Dodoma) and all Bank branches located at Mwanza, Dodoma, Mbeya, Mtwara, and Arusha, and Sub-Head Offices located at Dar es Salaam and Zanzibar.

NOTE: Bank of Tanzania will only receive and process application with all required documents as itemized here under.

List of Documents required for Tier 2 license application

S/n	Name of Document	Status Submission
	Indicates the status of document submission **i.e. (Yes, No, N/a)**	
	A. To all applicants	
1.	Letter of application in the format prescribed under the First Schedule of the *Microfinance (Non-Deposit Taking Microfinance Service Providers) Regulations, 2019.*	
2.	Proof of payment of non-refundable application fee (Copy of SWIFT Message from the bank which transferred the fee).	
3.	Proof of source of capital, and type of evidence attached. (Example Salary Slip, dividend payment from shares and a number of shares, rent income - attach proof of ownership of the house/property, Savings banking account statement, sale agreement of assets, goods and proceeds received, Pension payment receipt, coupon from debt	

S/n	Name of Document	Status Submission
	Indicates the status of document submission **i.e. (Yes, No, N/a)**	
	instruments, audited financial statements of other company, and other similar evidence).	
4.	Proof of availability of capital (Copy of the latest Audited balance sheet, income statement, and cash flow for existing microfinance service providers or a bank account statement indicating a balance of at least TZS 20,000,000 issued not later than three months for a new microfinance service provider).	
5.	Certified copies of academic and professional certificates of members of the Board and the Chief Executive Officer.	
6.	Certified Copy of TIN certificate.	
7.	Certified copy of Tax Clearance Certificate of the applicant.	
8.	The lending policy layout should comply with Regulation 37, as follows:	
	(a) lending procedures and documentation;	
	(b) eligibility requirements for a loan;	
	(c) types of loans and acceptable collateral;	
	(d) loan limits including maximum loan limit per borrower and per product;	
	(e) loan terms and conditions such as interest rates, fees and charges, and frequency of payments; (The interest rate is to be computed based on reducing balance method)	
	(f) loan approval process;	
	(g) loan limits as compared to collateral value;	
	(h) determination of the borrower's ability to repay the loan;	
	(i) terms and conditions for loans to officers and employees of microfinance service provider;	
	(j) loan guarantee requirements;	
	(k) monitoring and evaluation of credit quality;	
	(l) the grace period, if applicable;	
	(m) loan recovery and follow-up procedures;	
	(n) the criteria and procedure for restructuring loans;	
	(o) loan processing time upon submission of a complete loan application; and	
	(p) the criteria and procedure for approval and authorization required for writing off bad loans.	
	Note: Lending policy should indicate classification and provision for loans as stipulated under Regulation 45.	
9.	Loan Application Form to comply with Regulation 38, as follows:	
	(a) full name;	
	(b) date of birth or date of registration;	
	(c) place of residence or place of business;	
	(d) occupation or type of business;	
	(e) the loan purpose;	
	(f) economic sector;	
	(g) the loan amount requested;	

S/n	Name of Document	Status Submission
	Indicates the status of document submission **i.e. (Yes, No, N/a)**	
	(h) the collateral offered;	
	(i) marital status;	
	(j) number of dependents;	
	(k) place of employment;	
	(l) current income;	
	(m) expenses and assets; and	
	(n) other loans outstanding.	
	Sample loan application form shall contain a requirement that the applicant shall provide consent and declaration that his credit information may be shared in accordance with the requirements of the Act and these regulations, as stipulated under regulation 38(2).	
10.	Sample loan agreement to comply with regulation 39(2), as follows:	
	(a) loan amount;	
	(b) nominal or stated annual interest rate;	
	(c) all other fees charged;	
	(d) effective annual interest rate that includes all fees charged;	
	(e) loan repayment schedule that includes the number of instalments, total amount of each instalment indicating principal, interest and fees components separately, and due date of each payment;	
	(f) sum of all payments until the loan is fully paid;	
	(g) interest rate computation method;	
	(h) late payment penalty;	
	(i) debt recovery fee, charges or expenses;	
	(j) notice of security interest for collateral used to secure the loan; and	
	(k) signatures of both the borrower and the microfinance service provider.	
11.	A declaration that funds to be invested have not been obtained criminally or associated with any criminal activity. (It must be attested by Commissioners for Oaths).	
12.	Proof of the citizenship of every subscriber and every proposed Director and Chief Executive Officer including curriculum vitae, two recent passport-size photographs, and either a certified copy of: (i) Page of passport which contains personal information; or (ii) National ID; or (iii) Birth certificate.	
13.	Duly filled Questionnaire for Owner, or Directors and Chief Executive Officer contained under the Fourth Schedule to the regulations.	
14.	Reference letters from two persons who are not relatives, vouching for good moral character, integrity, and performance for Owner(s) or Directors and Chief Executive Officer.	
15.	Details of the Contact Person including Name, Postal Address, Telephone Number and E-Mail Address. (This should be the owner or shareholder or director of the company)	

S/n	Name of Document	Status Submission
	Indicates the status of document submission **i.e. (Yes, No, N/a)**	
	B. To an entity	
	In addition to documents listed in item A above, an entity shall submit the following:	
1.	Certified copy of the Certificate of Incorporation.	
2.	Certified copy Memorandum and Articles of Association, constitution or by-laws. (It must comply with Regulations 21 and 46).	
3.	Board Resolution authorizing application for License.	
4.	List of subscribers or members of the Board and Chief Executive Officer.	
5.	Credit reference reports for every significant subscriber or member of the Board and Chief Executive Officer.	
6.	Certified copies of tax clearance certificates for subscribers with ownership of 5% or more or a member of the Board and Chief Executive Officer.	
7.	Certified copies of the latest annual returns of an existing microfinance service provider.	
8.	In addition to the documents listed above, foreign-owned entities shall submit the following:	
	(a) Home Country Regulator approval;	
	(b) A training plan indicating specific time frames for imparting microfinance skills and expertise to Tanzanian staff; and	
	(c) A succession plan and strategies on mode, time and contents of the extent to which Tanzanian staff shall occupy senior management positions in the Institution.	
	C: To individual moneylenders	
	In addition to documents listed in item A above, individual money lenders shall submit the following:	
1.	Certified copy of the certificate of business name registration.	
2.	Credit report of the Owner, CEO from Credit Reference Bureaux	

Declaration of the Applicant

I, ………………………………………………….., hereby declare that all required documents have been attached as indicated above for Tier 2 license application, and I understand that the application with incomplete documents will not be received by the Bank of Tanzania.

……………………………………………… ……………………………….

Signature of Applicant or Authorized Officer **Date**