

GUIDELINES FOR THE OPENING OF A BRANCH OR AN AGENCY BY BANKING INSTITUTIONS IN THE GAMBIA

INTRODUCTION

The provisions of this guideline flow from Section 7 of the Financial Institutions Act 2003, which states “*No financial institution shall open a new place of business in The Gambia or change the location of, or close an existing place of business in The Gambia, without the approval of the Bank*”, and that the Bank may, before granting its approval, satisfy itself by inspection that the new or relocated place of business will continue to meet the criteria to the extent applicable.

Besides the head office, a bank may establish a branch or an agency in expansion of its operations in accordance with this guideline.

1. A BRANCH

1.1 Definition

For the purpose of this guideline, a branch means an outlet by means of which a bank incorporated in The Gambia, conducts banking business in the following manner:

- Receiving and paying out cash
- Receiving and processing applications for loans and advances
- Opening of accounts (Local and Foreign Currency Accounts)
- Trading in Foreign Currency
- Engaging in money transfer
- Any other type of banking business or product that may be approved or prescribed by the Central Bank

1.2 Eligibility criteria

A bank wishing to open a branch shall, prior to entering into a contract for the purchase, lease and or construction at any site, submit to the Central Bank for approval, a feasibility study report, showing proof of the following:

1.2.1 Compliance with Prudential Requirements

- Adequacy of Capital, Liquidity and Reserves for the six months preceding the application;
- Strong organic growth in capital for the six months preceding the application;
- Any other regulatory requirement that the Central Bank may prescribe from time to time.

1.2.3 Prospects For Profitable Operation

- Financial projections for the first three years of operation of the branch, detailing costs and revenue;
- Cash flow projections for the first three years of operation, detailing cash flows from financing, investments and operating activities;
- Any other performance indicators that the Central Bank may prescribe from time to time.

1.2.4 Convenience And Needs Of The Community

The convenience shall be determined based on the following:

- Accessibility by the public;
- Impact of the proposed branch on other existing banks
- Proximity to dangerous locations, such as refuse dumps, petroleum stations etc;
- Any other criteria which the Central Bank may prescribe from time to time.

1.2.5 Structure and Staffing

- Must have a Branch Manager, who should be at least middle management level with good character, banking experience and adequate training;
- Must have reasonable staff complement who shall be reasonably qualified to conduct banking business of such caliber as may be under taken by the branch;
- Must have at least three of the fundamental departments of a bank, namely Internal Audit, Operations and Marketing.
- Must subject all the managers and unit heads to the “fit and proper” persons test by the Central Bank.

1.3 Additional requirements

In addition to the above and upon securing approval to open the branch, a bank shall, prior to opening the branch to the public, satisfy the central Bank through site inspection, with the following requirements:

- A premises suitable for banking business;
- Information Technology (IT) system, which is capable of supporting the proposed operations;
- Any other requirement which the Central Bank may prescribe from time to time.

2. AN AGENCY

2.1 Definition

For the purpose of this guideline, an agency means an outlet by means of which a bank incorporated in The Gambia, conducts banking business in the following manner:

- Receiving and paying out cash on behalf of a branch or head office
- Receiving applications for loans and advances for onward transmittal to the controlling branch or head office
- Engaging in money transfer services

- Trading in foreign currency

Limitations

In addition to any other prescription that may be made by the Central Bank, no agency shall engage in account opening either in its name or on behalf of any other outlet of the bank. Similarly, no other outlet of the bank shall engage in account opening in the name of an agency.

2.2 Characteristics

Notwithstanding the definition, an agency shall have the following characteristics:

- Must have an Agency Head;
- Must have at least three staff, and shall be visited by an internal auditor from time to time;
- Must have a stable Information Technology (IT) system, which is capable of supporting the proposed operations

2.3 Eligibility criteria

A bank wishing to open an agency shall make a cost-benefit analysis of its intended operations, including considerations of impact of the agency on its capital, profitability, convenience, safety issues etc.

Although a detailed feasibility study report is not required, an applicant must submit for Central Bank's approval, a brief description of the planned activities prior to entering into a contract for the purchase, lease and or construction of an agency.

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