



BANK of ZAMBIA

**THE BANKING AND FINANCIAL SERVICES (BUREAU DE CHANGE)
REGULATIONS, 2003**

REQUIREMENTS FOR SETTING UP A BUREAU DE CHANGE

REQUIREMENTS FOR SETTING UP A BUREAU DE CHANGE

INTRODUCTION

The Banking and Financial Services Act (BFSA), 2017, gives the Bank of Zambia the authority to license, regulate and supervise banks and other financial institutions registered under the referred Act. The objective of the Bank of Zambia in this regard is to ensure and promote a safe and sound financial system.

Parts 1 and 2 of Chapter II of the BFSA relate to the licensing of banks and non-bank financial institutions. These guidelines focus on the licensing requirements for non-bank financial institutions.

The non-bank financial institutions sector includes leasing companies, bureau de change, microfinance institutions, building societies, as well as institutions like Development Bank of Zambia and National Savings and Credit Bank. The licensing requirements may vary slightly depending on the category of financial institution.

PART 1

1.0 NAME CLEARANCE

- 1.1 A company intending to apply for a licence to operate foreign exchange bureau de change shall incorporate the words “Bureau de Change” in its name and have buying and selling foreign currency as its objective.
- 1.2 Before submitting the licence application for a bureau de change, applicants are required to write to the Registrar of Banks and Financial Institutions (“the Registrar”) submitting the proposed name of the bureau de change for clearance.

PART 2

2.0 LICENSING REQUIREMENTS

- 2.1 An application for a licence shall be made to the Registrar of Banks and Financial Institutions and shall be accompanied by the following supporting documents:-
 - a) Application forms obtained from Bank of Zambia;
 - b) Certified photocopies of the proposed directors’ National Registration Cards or certified photocopies of proposed Directors’ and Senior Management’s passports;
 - c) In addition to providing certified photocopies of passports, in case of foreigners, the applicants will be required to provide immigration permits, work permits, non-resident permits where applicable and Interpol clearance certificates obtained from their countries of origin;

Non Bank Financial Institutions Supervision Department

- d) Certified copies of academic and professional qualifications for directors and senior management; and
- e) Completed Director's questionnaire and vital statistics forms obtained from the Bank of Zambia; and
- f) Curriculum Vitae (Indicating full names and contact details of referees) for all directors and senior management staff.

2.2 In addition to the requirements specified in 2.1, each application for a licence shall be accompanied by the following documents;

- a) Articles of Association;
- b) Certificate of Incorporation;
- c) Evidence of minimum required Paid Up Capital of K250,000.00;
- d) Source of the initial capital to be invested and that of any future funding shall be disclosed to the Bank of Zambia;
- e) Business plan with three years projected financial statements;
- f) Where the applicant is an established business, audited financial statements.

2.3 The Application Form, Director's Questionnaires and Vital Statistics forms can be obtained from the Non-Bank Financial Institution Department as well as on the Bank of Zambia Website:

www.boz.zm/Non_Bank_Supervision/Bureaux/bureau_de_change_sector_regulat.htm).

PART 3

3.0 LICENSING PROCEDURES

3.1 Application Fees

3.1.1 Upon application for a Bureau de Change Licence, the applicant is required to pay the following:

- a) A non-refundable application fee equivalent to K 5,400.00;
- b) Security screening fees for directors and senior staff as depicted in Table 1 below:

Table 1: Security Screening Fees

Category	Fee
Clearance of Zambians based locally	K84.00
Clearance of Zambians resident outside the country	K 795.00
Local clearance of foreigners resident in Zambia. (All foreign nationals must submit Interpol clearance certificates from their country of origin, immigration and work permits. For those who have lived in Zambia for more than six months, Zambia Police clearance must be provided)	K 795.00

- c) Upon grant of a licence, pay an annual licence fee of K10,800.00 payable at the beginning of each year.

The application, security screening and licence fees may be paid by cheque or by electronic funds transfer method or such other method as may be prescribed by the Bank of Zambia from time to time.

3.2 Processing of Application

- 3.2.1 Upon receipt of a **complete** application the Bank of Zambia shall, within one hundred and twenty days (120) days, review the application to determine whether a license should be granted to the applicant or not.
- 3.2.2 An application is considered to be complete when all the necessary documents have been submitted and the application fee has been paid. Upon receipt of a complete application, the Bank of Zambia shall inform the applicant that it has received a complete application and the stipulated days for consideration of an application referred to in 3.2.1 will commence from this date.
- 3.2.3 Where the Registrar is satisfied that the applicant is a fit and proper person to be licensed as a bureau de change and has complied with the requirements of the Regulations, the Registrar shall approve the application.

3.3 Appeal against decision not to award a licence

When an application has been rejected by the Registrar, the applicant may make written representations to the Registrar who may then reaffirm, modify or revoke his/her decision. Where the Registrar reaffirms his decision to reject the said application, the applicant may within 7 days of receipt of the rejection appeal to the Minister of Finance and National Planning who shall appoint a three-person Tribunal to preside over the appeal. The decision of the Tribunal is final and binding on the parties except as to a point of law i.e. where the decision is in direct conflict with the law.

3.4 Requirements Relating to Premises

- 3.4.1 Upon satisfactory fulfillment of the requirements set out in Parts 1, 2 and 3 above, the Registrar shall cause an inspection of the proposed premises of the bureau de change.
- 3.4.2 There shall be a satisfactory inspection report of the Bureau's premises made by the Bank of Zambia before a licence is granted.
- 3.4.3 The Bank of Zambia has the following minimum checklist for premises requirements for operation of a bureau de change.

- a) Lease agreement, where the premises to be used are rented;
- b) Certified copy of title deeds where the applicant owns the premises;
- c) Accessible premises;
- d) A minimum of two counters;
- e) Telephone / Fax;
- f) Billboard advertising the bureau de change;
- g) Rates board for displaying the rates;
- h) A safe;
- i) Note counting machine;
- j) Note detector;
- k) Fire Extinguisher;
- l) Security measures e.g. electronic alarm, human security etc.

3.5 Issuance and duration of Licence

- 3.5.1 The Registrar shall, where an application is approved, and upon payment of an annual licence fee of K 10,800.00, issue the applicant with a Bureau de Change Licence.
- 3.5.2 A license issued or renewed authorizes its holder to conduct the business of a bureau de change at the place or places of business as specified in the license, and is valid for a period of one year unless it is renewed or revoked or surrendered to the Registrar.

3.6 Renewal of licence

- 3.6.1 The Registrar may renew a licence where he is satisfied that the bureau de change has been operating in conformity with the Banking and Financial Services Act (BFSA) and the Bureau de Change Regulation and has paid the prescribed annual licence fee of K 10,800.00

3.7 Other Requirements

- 3.7.1 When opening a branch or branches the bureau de change will need to seek prior approval from the Bank of Zambia. An application fee of K 5,400.00, will be levied on any additional branch (es).
- 3.7.2 Where the bureau de change intends to change premises, including that of any of its branches, prior approval will have to be sought from the Registrar.
- 3.7.3 Where the bureau de change intends to change its shareholding, directors, senior managers or name of the bureau de change, prior approval will have to be obtained from the Registrar.

PART 4

4.0 OPERATIONS REQUIREMENTS

- 4.1 A Bureau de Change shall only engage in spot transactions and not in transactions involving

forward cover.

- 4.2 Counterfeit or forged notes presented by customers should be seized, the customer issued with evidencing receipt, and the counterfeit note(s) delivered to the Bank of Zambia.
- 4.3 A Bureau de Change shall display prominently in its premises a notice informing its customers that they are entitled to a receipt on any sale or purchase made by them.

PART 5

5.0 Penalties Applicable For Breaching The Provisions Of The Bureau De Change Statutory Instrument

- 5.1 Any person other than a bank or a company licenced under the Bureau de Change regulations shall not deal in or conduct any business of buying and selling foreign exchange. Any person who contravenes this requirement commits an offence and shall be liable upon conviction to a fine not exceeding fifty thousand penalty units or to imprisonment for a term not exceeding two years or to both.
- 5.2 A bureau shall display or exhibit its licence or a certified true copy in a conspicuous place on the premises where it conducts its business. The Bank of Zambia shall fine any bureau which contravenes this Regulation an amount of one thousand penalty units, and in the case of a continuing breach, a further fine of five hundred penalty units for every day during which the contravention continues.
- 5.3 A bureau licence shall not be transferred, assigned or encumbered in any manner. Any person who contravenes this regulation commits an offence and is liable upon conviction to a fine not exceeding one thousand penalty units or to imprisonment for a term not exceeding two years or to both.
- 5.4 A bureau shall display exchange rates in a conspicuous place at any premises at which it conducts its business in accordance with the guidelines issued by the Bank of Zambia. In addition a bureau shall display the commission to be charged on any transaction or other charges applicable in a clear and prominent manner at all places where it conducts its business. Any bureau which contravenes the provisions of this Regulation commits an offence and is liable, on conviction to a fine not exceeding fifty penalty units or to imprisonment to a term not exceeding two years, or to both.
- 5.5 Any person who obstructs, hinders or endeavors to obstruct or hinder any inspection of a bureau or its books and accounts commits an offence.
- 5.6 A bureau shall not later than three months after the end of its financial year, submit its audited accounts to the Bank of Zambia. Any bureau that contravenes this Regulation commits an offence and shall be liable upon conviction to a fine not exceeding one thousand penalty

units, and a further fine of five hundred penalty units for every day during which the contravention continues.

- 5.7 Any person who issues or takes part in the issuance of document required to be furnished under the provisions of these regulations, which is false in any material particular, or any other person who signed it commits an offence and is liable on conviction to a fine not exceeding fifty thousand penalty units or to imprisonment for a term not exceeding two years, or to both.
- 5.8 Any person who engages in the business of a bureau without a licence issued under these Regulations or buys and sells foreign exchange contrary to the provisions of these Regulations commits an offence and is liable upon conviction to a fine not exceeding fifty thousand penalty units or imprisonment for a term not exceeding two years, or both.
- 5.9 Any person who purchases or sells foreign exchange outside the limits set by the Bank of Zambia commits an offence and is liable on conviction to a fine not exceeding fifty thousand penalty units or imprisonment to a term not exceeding two years, or to both.
- 5.10 Any person who engages in forward purchases or sales of foreign exchange commits an offence and is liable on conviction to a fine not exceeding fifty thousand penalty units or imprisonment for a term not exceeding two years, or to both.
- 5.11 Any person who fails to provide information required under these Regulations, commits an offence and is liable on conviction to a fine not exceeding fifty thousand penalty units or imprisonment for a term not exceeding two years, or to both.
- 5.12 Any person with intent to evade any provisions of these Regulations, destroys, mutilates, secretes, or removes any document or contravenes a restriction or duty imposed by these Regulations or fails to comply with any directive issued by the Registrar, authorized person or the Bank of Zambia commits an offence and is liable on conviction to a fine not exceeding fifty thousand penalty units or imprisonment for a term not exceeding two years, or to both.

PART 6

6.0 Revocation of Bureau de Change Licences

- 6.1 The Registrar shall revoke a licence where:-
- (a) after the issuance of the licence, the Registrar finds that the information in the application for the licence was false or misleading in a material particular;
 - (b) the licensee has not commenced the operations permitted under the licence three months after the date of issuance of the licence;
 - (c) the licensee has contravened any provision of these Regulations or any other law applying to the licence;
 - (d) the licensee has persistently failed to comply with any condition of the licence or instructions issued by the Bank of Zambia;

- (e) the licensee is placed under receivership or liquidation or is adjudged bankrupt;
 - (f) the licensee has since the issuance of its licence ceased to qualify for the licence;
 - (g) the licensee has engaged in unsafe or unsound practices or in malpractice or irregularities in the management of its affairs;
 - (h) the licensee's primary and regulatory capital falls below the minimum required by the Bank of Zambia;
 - (i) the licensee has in the course of the renewal of the licence failed to disclose to the Registrar material information of which the licensee was aware, or should, with the exercise of such diligence as could have reasonably been expected in the circumstances, have been aware; or
 - (j) the Registrar considers it appropriate:
- 6.2 The Registrar may, by notice in writing, require a bureau to show cause, within seven working days, why the bureau's licence should not be revoked.
- 6.3 Where a bureau fails to respond to the notice issued, or if the Registrar is not satisfied with the cause shown, the Registrar may revoke the licence, and shall so inform the bureau in writing.

Contact Details

Further queries relating to requirements for operating a bureau de change should be addressed to the Registrar of Financial Service Providers. The contact details are:

The Registrar of Financial Service Providers
Bank of Zambia
7th Floor, Executive Building
Bank Square, Cairo Road
P. O. Box 30080
Lusaka, Zambia 10101

Telephone: +260 211 399300, 0971 270090, 096 3884820
Email: info@boz.zm

Information on the requirements for setting up a microfinance institution is also available on the Bank of Zambia website: www.boz.zm.