



CENTRAL BANK OF KENYA

**GUIDELINE ON OPENING OF NEW PLACE OF BUSINESS, CLOSING
EXISTING PLACE OF BUSINESS OR CHANGING LOCATION OF
PLACE OF BUSINESS (CBK/PG/11)**

Contents

PART I: PRELIMINARY	4
1. Title	4
2. Authorization.....	4
3. Application	4
4. Definitions.....	4
PART II: STATEMENT OF POLICY.....	5
5. Purpose	5
6. Scope	5
7. Responsibility.....	5
PART III: APPLICATION PROCEDURES	5
8. Establishment of Place of Business in Kenya	5
9. Establishment of a Branch outside Kenya.....	5
10. Application Forms	6
PART IV: OPENING OF NEW PLACE OF BUSINESS OR CHANGING LOCATION OF PLACE OF BUSINESS	6
11. Requirements for Opening New Place of Business or Changing Location of Place of Business in Kenya	6
12. Processing application for opening new place of business or changing location of place of business in Kenya	7
13. Other Requirements.....	8
14. Change of Business Hours.....	8
15. Notifications	9
16. Places of Business Not Covered in this Guideline	9
PART V: MINIMUM STANDARDS FOR BANKING PREMISES.....	10
17. Minimum health, safety and physical security standards for banking premises	10
18. Minimum health, safety and physical security standards for a banking hall.....	11
19. Prefabricated Banking Units.....	14
PART VI: COMMENCEMENT OF OPERATIONS	15
20. Approval of New Branches in Kenya.....	15
21. Other Requirements Prior to Commencement of Operations.....	15
PART VII: CLOSURE OF PLACE OF BUSINESS IN KENYA	16
22. Temporary closure of a place of business	16
23. Permanent closure of place of business in Kenya	17

24.	Implementation of closure of place of business	18
PART VIII: OPENING AND CLOSING OF BRANCH OUTSIDE KENYA.....		19
25.	Opening branch outside Kenya.....	19
26.	Closing of branch outside Kenya.....	20
PART IX: CONDUCT OF LIMITED BANKING SERVICES THROUGH ANOTHER INSTITUTION LOCATED OUTSIDE KENYA.....		20
27.	Limited Banking Services	20
28.	Permissible Limited Banking Services.....	20
29.	Requirements	21
30.	Dispute Resolution	21
PART X: CORRECTIVE MEASURES.....		21
31.	Remedial measures	21
32.	Penalty	21
PART XI: EFFECTIVE DATE.....		22
33.	Effective Date	22
34.	Supersedence	22
	Enquires	22
PART XII: APPLICATION FORMS.....		23

PART I: PRELIMINARY

1. Title

This Guideline may be cited as the Guideline on Opening of New Place of Business, Closing Existing Place of Business or Changing Location of Place of Business.

2. Authorization

This Guideline is issued under section 33(4) of the Banking Act, which empowers the Central Bank of Kenya to issue guidelines to be adhered to by institutions in order to maintain a stable and efficient banking and financial system.

3. Application

This Guideline shall apply to all institutions licensed under the Banking Act (Cap 488).

4. Definitions

“branch” means any permanent premises, other than its head office, at which an institution transacts business in or outside Kenya;

“place of business” means any premises, other than the head office, including a branch, an agency or a mobile unit, or such other premises as may, from time to time, be prescribed by the Central Bank, at which an institution transacts banking or financial business in Kenya and which is open to the public.

“sales centres” means an institution’s place of business responsible to a branch, which the institution uses to carry out the following permissible activities: Distribution and collection of account opening and loan forms, information on product offering, marketing, and training of field officers, customer queries and any other activity which CBK may from time to time prescribe.

Other terms used within this Guideline are as defined in the Banking Act.

PART II: STATEMENT OF POLICY

5. Purpose

This Guideline has been issued to assist institutions applying to open new places of business, close the existing places of business or change location of places of business in Kenya. It shall also assist institutions applying to open or close foreign branches.

6. Scope

This guideline provides clear regulatory requirement that should be fulfilled prior to an institution being granted an approval to open, close or change location of an existing place of business.

7. Responsibility

- (1) The Board of Directors of institutions are required to decide on the policy and strategy for setting up new branches taking into account the yearly business plan, potential for business at the new locations for opening of branches, profitability of the proposed branches, the robustness of the internal control system, redeployment of staff where surplus manpower has been identified and for extending prompt and cost-effective customer service to the customers.
- (2) It is the responsibility of the Board of Directors of institutions to ensure that the institution complies with this guideline.

PART III: APPLICATION PROCEDURES

8. Establishment of Place of Business in Kenya

Every institution should apply to the Central Bank of Kenya, P.O. Box 60000 - 00200, Nairobi, using the appropriate forms entitled “*Application by an Institution to Open or Close or Change Location of a Place of Business*”.

9. Establishment of a Branch outside Kenya

Every institution should apply to the Central Bank of Kenya, P.O. Box 60000, Nairobi, using the appropriate forms entitled “Application by an institution to open or close or change location of a place of business”.

10. Application Forms

- (a) The forms for completion have been prepared as part of this Guideline and hard copies may be obtained from the Bank Supervision Department, Central Bank of Kenya or may be accessed on the CBK website at www.centralbank.go.ke.
- (b) All applications duly completed together with the necessary attachments specified in **Part III** of this Guideline should be submitted to: **The Director, Bank Supervision Department, Central Bank of Kenya, P.O. Box 60000 - 00200, Nairobi.**
- (c) Duly completed application forms and necessary attachments may also be sent via email: fin@centralbank.go.ke.

PART IV: OPENING OF NEW PLACE OF BUSINESS OR CHANGING LOCATION OF PLACE OF BUSINESS

11. Requirements for Opening New Place of Business or Changing Location of Place of Business in Kenya

- (1) An institution shall not open in Kenya a branch or a new place of business or change the location of a branch or an existing place of business in Kenya without the approval of the Central Bank.
- (2) Before granting an approval under subsection (1), the Central Bank may require to be satisfied as to:
 - (a) the history and financial condition of the institution.
 - (b) the character of its management.
 - (c) the professional and moral suitability of its management.
 - (d) the adequacy of its capital structure and earning prospects.
 - (e) the convenience and needs of the area to be served and that the public interest will be served.
- (3) Institutions will be required to submit the following information, in support of their applications for opening new place of business or relocating a place of business:
 - (a) Board approved business plan.
 - (b) Summary report showing performance of the institution for the last two years.
 - (c) Organization structure for the proposed place of business.
 - (d) A detailed feasibility study of the future operations and development of the new place of business for a minimum of three years from the date of this application including projections of:-

- i. deposit mobilization and interest payable stating separately the proposed major sources of deposits.
- ii. advances to be made and interest receivable, stating intended sectoral lending.
- iii. investments to be made and earnings, stating policy and categories of business to be financed.
- iv. operating expenses including rents, salaries, employee benefits, directors' remuneration.
- v. liquid and cash reserve assets.
- vi. capital structure.
- vii. provisions for loans and advances.
- viii. fixed assets, including business premises
- ix. other income, including commissions, discounts, etc.
- x. net operating profit/loss.
- xi. Interest rate sensitivity analysis of the projections submitted or other similar analyses of the extent to which the forecasts will change when interest rates vary (the assumptions underlying the projections and the sensitivity analysis should be stated).

(e) Statistical and other data which may have been collected in respect of the area in which the applicant intends to serve including population of the area, schemes of agriculture, business, industrial development, etc. and existing banking facilities.

(f) A schedule of all the preliminary expenses.

12. Processing application for opening new place of business or changing location of place of business in Kenya

(1) Upon receipt of the application, the Central Bank will appraise the application.

(2) The institution may be requested to submit additional information as the Bank may deem necessary.

(3) In considering an application for a new branch, the Central Bank shall:-

- i) require that the institution meet the requirements of the Banking Act and Prudential Guidelines.
- ii) consider the most recent performance indicators and condition of the institution and whether such an institution is not under any administrative or remedial sanctions.

- (4) Where an institution does not meet the requirements, the Central Bank may at its own discretion, recommend an approval if otherwise satisfied, that it will be in the public interest to do so.
- (5) Where the Central Bank is satisfied that all requirements have been met by the institution, the Central Bank may within 30 days from the date of submission of the complete application approve the application with or without conditions and communicate its approval to the institution in writing.
- (6) Where the Central Bank declines to approve the application or any part thereof the CBK may within 30 days from the date of submission of the complete application communicate its refusal to the institution in writing and shall state the reason for its refusal.
- (7) An institution whose application has been declined may resubmit the application upon fulfilment of the conditions communicated by the Central Bank.

13. Other Requirements

- (1) If the opening or change for which approval has been given in section 11 above does not occur within twelve months after the approval is given, the approval shall lapse.
- (2) The institution shall thereafter be required to submit a fresh request if they so wish to open the place of business, branch or in the future.

14. Change of Business Hours

- (1) The working hours of places of business must be visibly displayed at a prominent location inside as well as outside (closer to the main door) of the respective licensed premises.
- (2) Change of business hours means reduction in branch opening hours or days or reduction in branch services, where this would have a significant impact on customers, i.e. a partial closure.
- (3) All institutions shall ensure that customers are informed of any intended changes in business hours, in any of their places of business, thirty days in advance to avoid inconvenience to them.
- (4) Institutions are also required to notify the Central Bank of the intended change at least 10 working days before the change is effected.
- (5) Institutions should also notify the Central Bank of any intended increase in business hours, days or increase in branch services of a place of business, at least 10 days before the change is effected.

15. Notifications

- (1) **Installation of Automated Teller Machines (ATMs):** The institutions shall submit to the Central Bank quarterly statistics on their ATM network within 10 days of the end of every quarter in the format shown in form **CBK/IF 11-4**.
- (2) **Sales Centres:** The institutions shall submit to the Central Bank quarterly statistics (**CBK/IF 11-5**) on their Sales Centres within 5 days of the end of every quarter of a calendar year.
- (3) Banking services carried out by a mobile unit on a few days of the week (not on all working days) in a permanent place with staff attached to a branch of the bank visiting the mobile unit to transact business.
- (4) Banking services carried out at temporary outlets operated at public places such as temples, schools, carnivals, exhibitions, conferences and streets.
- (5) Notwithstanding the requirements in this section (section 15 on notifications), any institution intending to deploy new technologies such as cash deposit machine (CDM), interactive teller machine (ITM), cashless banking outlets (smart branches, tellerless outlets, digital kiosks or hybrid service points, other than a sales center), or any other name as an institution may describe, the institution shall comply with relevant provisions of the Banking Act, this Regulation or any other Regulation issued by the Central Bank, Consumer Protection Act, Data Privacy Act, Computer Misuse and Cybercrimes (Amendment) Act, Proceeds of Crime and Anti Money Laundering Act, and any other applicable laws.

16. Places of Business Not Covered in this Guideline

- (1) Opening, Closing or Relocating of Agencies is subject to the requirements as prescribed in the Guideline for Agent Banking (**CBK/PG/15**).
- (2) Mobile banking units, which comprise the under listed, are excluded from the normal approval requirements in order to facilitate or give institutions more flexibility in meeting their customer needs:
 - i) Banking services carried out in vehicles in different locations.
 - ii) Instances where bank officers visit customers outside the bank premises and transact business with them.
 - iii) any other form of banking services as may be prescribed by the Central Bank from time to time.

PART V: MINIMUM STANDARDS FOR BANKING PREMISES

17. Minimum health, safety and physical security standards for banking premises

- (1) This part is intended to outline the minimum health, safety and physical security standards to be observed at all times by existing institutions in their branches.
- (2) The following requirements for premises shall be fulfilled before a licensed institution commences operations:

A. Title Deeds/Lease Agreements

- i) A title deed or a signed lease agreement whichever is applicable, of the premises should be obtained.
- ii) The terms of the lease should be long enough to allow for the economical use of the permanent improvements and in any case not less than 5 years.
- iii) A copy of the registered lease should be forwarded to Central Bank within thirty days after CBK approval to commence operations.
- iv) In the event that registration of the lease takes longer than the stipulated thirty days, the institution should notify the Central Bank immediately.

B. Approvals by Relevant Authorities

- i) Approved building plans (initial construction permit) and certificate of occupation from the relevant County Government.
- ii) Site compliance certificate from the National Construction Authority.
- iii) Environmental Impact Assessment (EIA) License from the National Environment Management Authority (NEMA).
- iv) A certificate of registration of a workplace from the Directorate of Occupational Safety and Health Services (DOSHS) relating to water, sewerage, staff working/rest areas, sanitation, customers' area etc. should be obtained.
- v) An installation certificate and agreement from the security firm regarding physical security of premises should be obtained.
- vi) Certificate of completion of electrical installation (wiring completion certificate) from an electrician licensed by the Energy and Petroleum Regulatory Authority (EPRA) .

C. Sanitary and Amenity Facilities

- i) A place of business must have toilets accessible to both staff and customers.

18. Minimum health, safety and physical security standards for a banking hall

(1) In determining the adequacy of the banking hall, the institution should take into account:

- a) the type of business to be undertaken in the premises; and
- b) the projected business growth especially in the number and type of accounts.

(2) At minimum, the banking hall shall fulfil the following requirements:

A. Staff Operating Area

- a) The office space for the staff should be adequate for staff and should leave room for expansion in the immediate future.
- b) The workplace should not be so overcrowded as to cause risk of injury to the health of the employees.
- c) The space allowed for each individual employee should be reasonable and as a guiding principle should not be less than 350 cubic feet.
- d) Sufficient and suitable sanitary conveniences for employees should be provided, maintained and kept clean.

B. Ventilation

- a) Effective and suitable provision should be made for securing and maintaining circulation of fresh air in every part of the premises.

C. Strong room

- a) The custom-built strong room (Safe/Vault) should be conveniently situated.
- b) It should not border with the outside walls and should have adequate space to cater for the needs of the institution.
- c) In cases where the strong room borders outside walls, the institution should have additional protection e.g the inclusion of a metal plate on the walls.
- d) The doors should be of fireproof material and under the control of more than one person. The duplicate keys should be stored off the premises.
- e) Where a free-standing safe is in use, in place of a custom- built strong room, it should be fireproof.
- f) The access to the safe and the room should be under the control of more than one person.

- g) The safe itself should be located inside a windowless room secured by a heavy-duty lock door of fire-resistant material.

D. Record Room/Stationery Store

- a) Critical records pertaining to customer information should be kept in fireproof cabinets.
- b) The room should also be fitted with smoke detectors.

E. Cash Loading Bay

- a) Where premises are owned by the institution, provision must be made for a loading bay.
- b) Cash loading/unloading area should be protected from public view and access.
- c) There should be an arrangement with the police or private security firm for protection of cash-in transit.
- d) The provisions in (a) and (b) above will apply even in rented premises where possible.

F. Security guards

- a) Adequate security guards should be posted at the premises at all times day and night.
- b) There should be a guard posted at the main entrance to the banking hall during business hours.

G. Cashier's Tills

- a) Access to the cashiers' tills should be restricted to cashiers during working hours.

H. Alarm System

- a) There should be an alarm system installed in the premises which should be connected to the police and security firm.
- b) The alarm system should be installed with adequate switches in the cashiers' cubicles and the manager's offices.
- c) The alarm system should incorporate motion sensors to cover the staff operating areas, computer room and strong room.
- d) The panel of the alarm should be obscured from public view, with a low buzzer noise level to indicate alarm with a light to show the source of the alarm.

- e) To prevent false alarms being sent to the Police, panic buttons should be configured to be pressed twice before an external alarm system can be sent.
- f) The alarm remote signals facility should provide a means of confirming the soundness of the radio communication link at least once every 48 hours.
- g) Security guards should preferably be equipped with remote control buttons or a break glass near their station to enable them to activate the alarm when necessary.
- h) Management should ensure that the alarm system is tested at least quarterly outside banking hours and an up-to-date record of such maintenance kept.
- i) Management should install closed circuit television network with facility for CCTV recording.
- j) Wiring of the alarm system should be in its own conduits or trucking to protect from other interferences that may result in false alarms.
- k) It is advisable to install fire alarm system to incorporate smoke/heat detectors in areas, which are not in continuous use.
- l) The fire alarm system must have proper maintenance schedule and be connected via the Radio Alarm System to the Fire Brigade.

I. Emergency Plan

- a) Every institution must have a well-documented Emergency Plan.
- b) The plan should contain details of what is required of staff in case of an emergency.
- c) The Emergency Drills should stipulate who is to be alerted, which calls to make e.g. Ambulance, Fire Brigade, Police, Health Care providers.
- d) The plan should state clearly the escape routes, which should be conspicuously displayed.
- e) The plan should also indicate an assembly point for roll call.
- f) The Drill should be done periodically, and all staff be involved.
- g) Fire extinguishers should be installed at vantage points within the premises.

J. Server Room

- a) The server room where applicable, should be located in a secure area within the premises.
- b) Access to the computer room should be restricted only to the authorized personnel.
- c) There should be passwords to operate the computer.
- d) Duplicate/back up magnetic tapes or discs should be stored in fireproof safes off the premises.

K. Safe Deposit Lockers

- a) Safe deposit lockers where provided should be housed in a separate strong room.
- b) Customers should be provided with sufficient and suitable verification space.

L. Security Officer(s)

- c) Institutions are encouraged to recruit their own security officer(s) who should be thoroughly vetted, to:-
 - i) Monitor performance of security guards.
 - ii) Oversee general operations.
 - iii) Liaise with regional/county security officers and police on security matters.
 - iv) Liaise with security firm on the maintenance of alarm system.
 - v) Deal with cases of fraud/robbery in liaison with Banking Fraud Investigation Unit of CBK.
 - vi) Monitor CCTV recording and ensure periodic testing of the systems to confirm good working order.

M. Insurance

- a) The institution should obtain adequate covers for the following policies from licensed insurance companies.
 - i) Fire and other perils.
 - ii) Burglary and theft.
 - iii) Public liability.
 - iv) Fidelity.
 - v) Workmen's compensation.
 - vi) Cash and valuables in transit.
 - vii) Cash and valuables in premises.
 - viii) Motor vehicles in premises.
 - ix) Other assets (e.g. computer).
 - x) Employers' liability.

19. Prefabricated Banking Units

Institutions intending to open prefabricated or modular banking branches shall be required to comply with all the provisions of this Guideline.

PART VI: COMMENCEMENT OF OPERATIONS

20. Approval of New Branches in Kenya

- (1) Thirty days prior to proposed commencement of operations at a branch, an institution shall seek approval from the Central Bank using the application form attached to this guideline titled “**Application Form to Open a New Place of Business**”.
- (2) Fourteen days prior to commencement of operations at a branch, an institution shall send to CBK the following information:
 - (i) Completed questionnaire (**Form CBK/IF/02**) together with all required certificates and documents.
 - (ii) A copy of the letter from the CBK in which approval was granted for the specified branch.
 - (iii) Branch license fee as prescribed in the Banking Act.
 - (iv) Proposed date of commencement of operations.
 - (v) Proposed business hours for the branch.
- (3) Institutions should approach the Central Bank for a branch license only after finalization of details regarding the location i.e. execution of tenancy/lease agreement for the proposed branch.
- (4) Institutions are advised that the Central Bank will not carry out inspection of premises prior to opening of branch premises.
- (5) Notwithstanding subsection (4) above, the Central Bank may at its own discretion and from time to time carry out inspection of new branches prior to granting approval for commencement of operations.

Once the Central Bank is satisfied that the institution has met the requirements for the branch premises as indicated in the minimum guidelines for branches, it will grant approval to the institution to commence operations.

21. Other Requirements Prior to Commencement of Operations

- (1) Prior to commencing operations in a new place of business, an institution shall ensure that the following information is visibly displayed at a prominent location inside the premise:
 - a) approved business hours for the place of business
 - b) audited accounts
 - c) current banking licence

- d) banking tariffs
- e) names of senior officers
- f) certificate of contribution to the Deposit Protection Fund from Kenya Deposit Insurance Corporation (KDIC).

- (2) For purposes of (1) (e) above, senior officers refer to members of senior management who are responsible and should be held accountable for overseeing the day-to-day management of the institution.
- (3) Senior officers include the chief executive officer, the executive director, deputy chief executive officer (where applicable), general manager, chief risk officer, chief operating officer, chief financial officer, secretary to the board of directors, treasurer, chief internal auditor, chief information security officer, or a manager of a significant unit of an institution.

PART VII: CLOSURE OF PLACE OF BUSINESS IN KENYA

22. Temporary closure of a place of business

- (1) Temporary closure means closure lasting not more than 90 days. It could however include extended periods of closure which might otherwise last three months or more, such as closures due to long-term building works.
- (2) An institution intending to temporarily close a place of business shall apply to the Central Bank not less than ten days from the date of the intended closure.
- (3) In applying for a temporary closure, an institution shall:-
 - i. clearly state the reason(s) for the proposed closure.
 - ii. state the date when the place of business is expected to be opened.
 - iii. ensure that alternative service is in place and accessible to customers.
 - iv. provide customers with clear and accessible information on the alternatives
 - v. put in place mechanisms to support customers to access the alternative services where need be.
- (4) An institution shall visibly display a notice of temporarily closure at a prominent location, closer to the main door of the closed place of business.
- (5) The notice shall state the reasons for closure, expected re-opening date, alternative channels in place, mobile number of the contact person and contact details of the nearest branch.
- (6) Any closures due to emergency factors such as flooding, earthquake, public health or security advisory etc. shall be reported to the Central Bank within 24 hours.

23. Permanent closure of place of business in Kenya

- (1) An institution shall not close any of its places of business in Kenya without first giving to the Central Bank six months' written notice of its intention to do so or such shorter period of notice as the Central Bank may allow.
- (2) In deciding on the approval to authorize the closure of a place of business, the Central Bank shall be satisfied that:
 - a) the public interest that was being served in the area the institution currently operates from will not be jeopardized by the closure.
 - b) alternative financial services that were being provided by the institution at current place of business are available in the locality.
 - c) the previous projections supplied by the institution which initially indicated the current location as being lucrative shall be taken into account while appraising the request.
- (3) The Central Bank at its own discretion may challenge the process and/or ask the institution to delay the closure where the Bank is not satisfied that:-
 - a) the institution has not paid due regard to the interests of its customers.
 - b) the proposed closure may result into an unfair treatment of customers.
 - c) the institution has not paid due regard to the information needs of its clients.
 - d) the institution has not communicated the information to its customers in a way that is clear, fair and not misleading.
- (4) An institution considering to permanently close any of its place of businesses shall be required to analyse and present to the Bank:
 - a) the needs of customers currently using the place of business.
 - b) the likely impact of the closure and alternatives that are or could reasonably be put in place to continue to meet those customers' needs.
- (5) The analysis shall include usage trends, overall transaction volumes across a suitably period of time and details of any commercial evaluation the institution has completed.
- (6) The institution shall identify and engage with relevant stakeholders besides customers that may have an interest in the closure of the place of business.
- (7) The institution shall submit to the Central Bank a clear summary of the results of the detailed analysis covering customer usage, customer needs, expected impact, potential alternatives, commercial evaluation and stakeholder engagement plans.

(8) The Central Bank may ask the institution for further analysis if it is not satisfied.

24. Implementation of closure of place of business

- (1) Once the approval has been granted by the Central Bank to close a particular place of business, the institution shall give not less than three months' notice to the public of its intention to do so.
- (2) An institution shall ensure that any proposed alternative service is in place and is accessible to all category of customers including the vulnerable and special group.
- (3) The institution shall put in place mechanisms to support customers to access alternative services, such as an alternative channel, and how much time this will take.
- (4) If it is expected that customers may look to transfer accounts to other providers, the institution shall consider how long it might take a customer to change their provider and support them in doing so.
- (5) The institutions shall keep its analysis of customer impact and potential alternatives under review during the period between announcing and implementing the proposed closure and keep the Central Bank informed of any changes to its plans.
- (6) Notwithstanding subsection (2) above, the institution shall ensure that it provide customers with clear and accessible information on the alternatives they can access.
- (7) Notwithstanding subsection (1) above, the institution shall write directly to impacted customers, at the point it communicates its decision to close, communicating to customers about alternative ways they can access services.
- (8) An institution shall publish a high-level summary of the analyses referred to in section 21 (4) of this Guideline.
- (9) The summary must easily be accessed by customers, taking into account their likely communication need).
- (10)The institution shall send the summary to the other stakeholders it has identified in section 21 (6) of this Guideline.
- (11)The summary in subsection (9) above shall exclude any sensitive or confidential information.
- (12)The institution shall publish a list of stakeholders in section 21 (6) of this Guideline, besides customers, that it has identified and contacted about the plan.
- (13)An institution shall complete **CBK/IF 11-3** when applying to close or relocate an existing place of business.

PART VIII: OPENING AND CLOSING OF BRANCH OUTSIDE KENYA

25. Opening branch outside Kenya

- (1) An institution shall not open a branch or establish a subsidiary outside Kenya, except with the prior approval of the Cabinet Secretary.
- (2) An institution seeking approval under subsection (1) above shall apply, in writing, to the Cabinet Secretary through the Central Bank.
- (3) Before granting approval under subsection (1), the Cabinet Secretary may require to be satisfied as to:
 - a) the history and financial condition of the institution.
 - b) the adequacy of the institution's capital structure.
 - c) the viability and earning prospects of the proposed branch.
 - d) such other matter as may have a bearing on the institution or proposed branch as the Central Bank may require.
- (4) Without prejudice to subsections (1), (2) and (3) above, the Central Bank in considering an application to open a branch outside Kenya, an institution shall submit to the Central Bank:
 - a) amount required from Kenya immediately and projections for the next three years.
 - b) Board Resolution approving the opening of the branch outside Kenya
 - c) copy of management agreement, if any.
 - d) a brief on the economic conditions of the host country
 - e) business plan for the proposed branch.
 - f) a schedule of expected income and expenditure and projected balance sheet for the next three years.
- (5) In deciding on the approval to authorise the closure of a branch, the Central Bank of Kenya shall put into consideration:
 - a) the financial performance of the branch and its future outlook.
 - b) country risk assessment as submitted by the institution.
 - c) opinion of the host country supervisor.
 - d) financial and reputational impact that it may have on the institution.
- (6) Prior to granting an approval to open a branch, a letter of no objection shall be obtained from the host regulator.

26. Closing of branch outside Kenya

- (1) An institution intending to close any of its branches outside Kenya shall give notice in writing to the Cabinet Secretary, through the Central Bank of its intention, at least six months before the date of the intended closure, or within such shorter period as the Cabinet Secretary may, in any particular case, allow.
- (2) Notwithstanding the provisions of this subsection (1), the Central Bank may, subject to such conditions or limitations as it may prescribe, permit an institution to provide such services as it may, in any particular case, specify, to its customers who are outside the country through banking institutions located outside Kenya.
- (3) Notwithstanding any provision of this Guideline, **section 23 and 24** of this Guideline does not cover an institution intending to establish or close a subsidiary outside Kenya, or a subsidiary of an institution intending to open or close a branch in its country of operation.
- (4) An institution intending to establish or close a subsidiary outside Kenya shall be required to comply with the provisions of the Banking Act.

PART IX: CONDUCT OF LIMITED BANKING SERVICES THROUGH ANOTHER INSTITUTION LOCATED OUTSIDE KENYA

27. Limited Banking Services

- (1) This refers to institutions intending to provide limited banking services to its customers through another institution located outside Kenya, while the customers are outside Kenya.

28. Permissible Limited Banking Services

- (1) The following services may be provided by the institution located outside Kenya and as may be specifically agreed between it and the institution.
 - a) cash deposit and cash withdrawal.
 - b) balance enquiry.
 - c) customer service/Call Center enquiries and assistance.
 - d) any other activity as the Central Bank may prescribe.

29. Requirements

- (1) An institution intending to provide limited banking services to its customers through another institution located outside Kenya, while the customers are outside Kenya, shall formally apply to the Central Bank.
- (2) Alongside the application letter in subsection (1), the institution shall submit the following:
 - (a) a Board Resolution approving the provision of limited banking services through another institution outside Kenya.
 - (b) a letter of no objection from the host Regulator.
 - (c) a copy of the duly executed Service Level Agreement between the two institutions.
 - (d) a risk assessment report detailing risks associated with the provision of these services including the mitigating measures to be adopted in order to control the risks identified, in accordance with risk management policies currently in force and this Guideline. The risk assessment should incorporate AML/CFT risks.
 - (e) a due diligence report on the partner institution.
 - (f) a list of the proposed banking services to be provided by the partner institution and the limits to which they will be subject.
 - (g) a list of charges or fees applicable for each proposed service which are payable to the institution by the customers.

30. Dispute Resolution

There must be dispute resolution mechanism in place between the institution and the proposed partner institution involved in the provision of limited banking services.

PART X: CORRECTIVE MEASURES

31. Remedial measures

If an institution fails to comply with this Guideline, the Central Bank may pursue any or all corrective actions as provided under Sections 33, 34 and 55 of the Banking Act.

32. Penalty

The Central Bank may close a place of business and impose a penalty on an institution in case it comes to the knowledge of the Central Bank that an institution is operating an unauthorized place of business.

PART XI: EFFECTIVE DATE

33. Effective Date

The effective date of this Guideline shall be January 1, 2027.

34. Supersedence

This Guideline supersedes and replaces Guideline on Opening New Places of Business, Closing Existing Place of Business and Relocating Location of Place of Business of 1st January 2013.

Enquires

Enquiries on any aspect of this regulation should be referred to:

The Director, Bank Supervision Department
Central Bank of Kenya
P.O. Box 60000 - 00200
NAIROBI
TEL. 2860000
E-mail: *fin@centralbank.go.ke*

PART XII: APPLICATION FORMS

CBK/IF 11- I APPLICATIONS BY AN INSTITUTION TO OPEN A NEW BRANCH

(To be completed and submitted with every application)

APPLICATION BY AN INSTITUTION TO OPEN A NEW BRANCH	
1.	Name of the Institution
2.	Names/locations of existing branches and dates of establishment.....
3.	a) Name of the proposed location of business
	a) Postal addressand telephone number(s)
	b) Physical address:- L.R.NO. Building Street..... Town.....
4.	a) Senior Officers of the Proposed New Place of Business
	b) Number and designation of non-management staff.....
5.	Business hours
6.	Will the new place of business be:-
	a) Self-owned?Yes/No* If yes, Cost of purchase or construction.....
	b) Leased? Yes/No* If yes, Terms of lease:.....

APPLICATION BY AN INSTITUTION TO OPEN A NEW BRANCH

7. Proposed date of commencing operations

8. Do you plan to change the status of the proposed place of business?

9. Yes/ No* If yes, state proposed type of status and when

.....
.....
.....
.....

10. In case of a subsidiary and the location of the new place of business will be outside

Kenya;

a) Provide names of the joint shareholders, nationality, address and their respective percentage shareholding

.....
.....
.....

i) Authorised capital.....

ii) Paid-up/assigned capital

11. Name of Managing Director/Chief Executive :.....

.....

Signature Date

***Delete whichever is not applicable**

NOTES ON THE COMPLETION OF THE APPLICATION FORM TO OPEN NEW PLACE OF BUSINESS

These notes are intended to give further guidance to the completion of the application form. Items on the form where guidance is deemed necessary are:-

1. Item Number 3(b) and (c) Postal and Physical Address.

These details should be submitted to the Central Bank of Kenya as soon as they are known.

2. Item Number 4: Particulars of Officers

The term ‘officers’ refers to:

- a. the officer in charge of the place of business;
- b. the assistant officer in charge of the place of business; all the section heads.

Information requested under item 4(b) on non-management staff is total number in each grade (i.e. cleaners, clerks and secretaries).

**CBK IF 11-2 QUESTIONNAIRE FOR APPROVAL TO COMMENCE OPERATIONS
AT A BRANCH**

	YES	NO	COMMENTS
TITLE DEED/LEASE AGREEMENT			
(a) Title Deed			
Is the institution registered as the owners of the premises? Attach a copy of the title deed.			
(b) Lease Agreement			
Attach a signed copy of the lease agreement.			
Is the lease registered?			
What is the duration of the lease and is it long enough to allow for economical use of the permanent improvement?			
Attach the landlord's approval for interior design/alteration obtained and other conditions satisfied?			
APPROVAL BY COUNTY AUTHORITY			
Attach the approvals for the following, if applicable:-			
a) Design or architectural plans approval			
b) Certificate of registration of workplace (DOSHS)			
c) County Government licences.			
APPROVAL BY OTHER RELEVANT AUTHORITIES			
Have the following been obtained where necessary, if so attach evidence of the same:-			
1. Site compliance certificate from the National Construction Authority (NCA)			
2. Security installation certificate and agreement by security firm regarding physical security of staff, premises and assets.			

	YES	NO	COMMENTS
Attach:			
a) signed guarding contracts,			
b) signed CCTV contracts (i.e. leased or maintenance),			
c) alarm contract etc.			
d) Are there security guards at the premises at all times-day and night?			
3. Certificate of electrical installation issued by an electrician licensed by EPRA			
4. Environmental Impact Assessment (EIA) certificate from the National Environment Management Authority (NEMA)			
BANKING HALL			
Does the Banking Hall suit the type of business to be undertaken in the premises?			
STAFF OPERATING AREA			
Is space allowed for each individual employee equal to or more than 350 cubic feet?			
Are sufficient and suitable sanitary conveniences for employees provided and kept clean?			
VENTILATION			
Is ventilation adequate for security and circulation of fresh air in the premises?			
LIGHTING			
Is there sufficient and suitable lighting in every part of the premises?			
DISPLAYS			
Are the following displayed?			
a) Approved business hours			
b) Audited accounts			
c) Current Banking licence			
d) Banking Tariffs			

	YES	NO	COMMENTS
e) Names of Senior Officers			
f) Certificate of contribution from KDIC			
OUTER DOORS/WALL/WINDOWS			
Do the outer doors and windows meet reasonable security scrutiny e.g. if made of wood, is it reinforced, does it have dual control and backed by alarm system and a guard? Are windows and glass walls reinforced with metal grills or made of anti-burglar/bullet proof glass?			
STRONGROOM (SAFE/VAULT) OR FREE STANDING SAFE			
Is there a strong room or a free standing safe in the branch?			
If a strong room:			
Are the duplicate keys stored off the premises?			
Is there dual control for entry			
If a free standing safe, is it fire proof?			
If the room where is the safe is kept under the control of more than one person?			
Is the safe in a window less room and secured by a heavy duty lock door of fire resistant material?			
CASH LOADING/UNLOADING AREA			
Is it protected from public view and access?			
Is cash in transit protected by policy/security firm? If so, attach signed copies of the contract			
ALARM SYSTEM			
Is there an alarm system installed in the premises?			
Is it connected to policy/security firm?			
As a guiding principle, alarm switches should be located in the strong room,			

	YES	NO	COMMENTS
cashiers' cubicles and the branch manager's office			
EMERGENCY PLAN			
Is there an emergency plan?			
Is it documented?			
Are there fire extinguishers at appropriated places?			
SERVERS			
Is the server located in a secure area/room?			
Is the access to the server room restricted?			
Are back-ups made and stored outside the premises?			
INSURANCE			
Attach insurance certificates indicating that the new branch has been insured against:			
a) Fire			
b) Burglary and theft			
c) Public liability			
d) Fidelity			
e) Cash and valuable in premises			
f) Motor vehicles in premises			
g) Other assets			
h) Employers' liability			
i) Work Injury Benefit ACT (WIBA)			
Is the issuing insurance firm licensed with the insurance regulatory authority?			
Is the insurance company connected in any way with the institutions:-			
○ Directors			
○ Management and			
○ Shareholders with more than 5% of the institution's shares?			
Are there other insurances that are required to be taken under the lease agreement? i.e. glass windows			

	YES	NO	COMMENTS
If yes have the covers been taken.			
DOCUMENTATION			
Does the branch have copies of the policy manuals approved by the board of directors, covering at least staff, training, fixed assets, deposits, lending, loan classification, bad provisions/write-offs, investment, management information systems, budgeting and variance analysis			
Are the policy documents availed to all staff members and are they updated regularly on any changes?			

DECLARATION

I, the undersigned, being an officer of the institution, declare that to the best of my knowledge and belief, the information contained herein is complete and accurate.

Chief Executive Officer (Name)

SignatureDate.....

WITNESSED BEFORE ME:

SIGNED..... (Witness)

COMMISSIONER FOR OATHS/ MAGISTRATE

Name.....

Signature.....

Address

CBK/IF 11-3 APPLICATION BY AN INSTITUTION TO CLOSE OR RELOCATE AN EXISTING PLACE OF BUSINESS

PART I

1. Name of the Institution

.....
.....

2. Names/locations of existing branches and dates of establishment

.....
.....

3. Type of current place of business to be closed or relocated (i.e. branch, sub-branch, agency or mobile unit etc.)

.....
.....

PART II

In case of relocation:

4.

a) Name of the proposed location of business if already identified

.....
.....

b) Postal address and telephone number(s)

.....
.....

c) Physical address:-

L.R. NO.....Building.....
Street.....Town.....

d) State reasons for relocation

.....
.....

5. Is the new place of business:-

a) Self-owned? Yes/No* If yes, cost of purchase or construction.....

b) Leased? Yes/No If yes, Terms of lease:

-
-
6. Proposed date of commencing operations
7. Do you plan to change the status of the proposed place of business? yes/No*.....
If yes, state proposed type of status and when:.....
.....
.....
8. In case of a subsidiary and the location of the new place of business will be outside Kenya;
Provide names of the joint shareholders, nationality, address and their respective percentage
shareholding.....
.....
.....
.....

PART III

9. In case of closure:

- a) Location of current place of business proposed to be closed:.....
.....
- b) Indicate profitability of the branch in the last three years:.....
.....
.....
- c) Proposed action plan on existing customers of the branch:.....
.....
.....
- d) Proposed action plan on current branch employee:.....
.....
.....
- e) Are there any banking facilities provided in the vicinity? If so state by whom
.....
.....
10. Name of Managing Director/Chief Executive:.....
.....
Signature.....Date:.....

Delete whichever is not applicable

CBK/IF 11 - 4: NUMBER OF OPERATIONAL ATMS

Name of Institution:

Quarter End Date:

Location of ATM	Town	County	Date Opened	Branch Responsible

CBK/IF 11-5 NUMBER OF OPERATIONAL SALES CENTRES**Name of Institution:****Financial Year:****Quarter Start Date:****Quarter End Date:**

	Name assigned to Sales Centre	Postal and physical address	County	Date Opened	Branch Responsible	Services Offered at Sales Centre
1.						
2.						
3.						
4.						
5.						