

## **What are the steps to follow in applying for a licence to start a commercial bank, mortgage finance company or non-bank financial institution?**

The following key steps are followed in starting a commercial bank, non-bank financial institution or mortgage finance company:-

- a. Seek approval of the use of the name "bank" or "finance" from CBK.
- b. Once CBK has approved the name apply to the Registrar of Companies for incorporation of the proposed bank, mortgage finance company or non-bank financial institution as a limited liability company.
- c. Upon incorporation of the limited liability company apply to CBK for a banking, mortgage finance company or non-bank finance institution licence. At this stage you should contact the Bank Supervision Department at CBK or download the application forms from the Central Bank website [www.centralbank.go.ke](http://www.centralbank.go.ke).
- d. Your application should be supported by a business and feasibility study of the proposed institution.
- e. You should also provide evidence of your source of capital to start the institution. This may be in the form of certified bank statements or evidence that you hold the amount in government securities such as treasury bills and bonds. Currently a minimum capital of Shs.500 million is required to start a bank or a mortgage finance company. The minimum capital amount will increase to Kshs 700 million as at 31<sup>st</sup> December 2011 and to Kshs 1 billion as at 31<sup>st</sup> December 2012.
- f. Upon meeting all the requirements, the Central Bank will grant you written approval (approval in principle) to conduct the business of a bank, mortgage finance company or non-bank financial institution, as the case may be.
- g. With this approval, you may proceed to obtain premises, Information Technology Systems and recruit staff for the institution.
- h. Once you are ready with your premises, invite the Central Bank to conduct an inspection.
- i. If the inspection is satisfactory, the Central Bank places a notice in the Kenya Gazette to formally specify the institution.
- j. A license is then issued and you can open your doors to customers.