

CENTRAL BANK OF KENYA ACT (CAP 491)

IN EXERCISE of the powers conferred by Sections 57 (1), 57(3) and 57(4) of the Central Bank of Kenya Act, the Central Bank of Kenya makes the following Regulations: -

CENTRAL BANK OF KENYA (DIGITAL CREDIT PROVIDERS) REGULATIONS, 2021

PART I: PRELIMINARY

Citation

1. These Regulations may be cited as the Central Bank of Kenya (Digital Credit Providers) Regulations, 2021.

Interpretation

2. In these Regulations, unless the context otherwise requires —

“Act” means the Central Bank of Kenya Act;

“Bank” means the Central Bank of Kenya;

“credit information” means any positive or negative information bearing on an individual’s or entity’s credit worthiness, credit standing, credit capacity, to the history or profile of an individual or entity with regard to credit, assets, and any financial obligations;

“customer” means a person who obtains digital credit from a digital credit provider;

“digital channel” means the internet, mobile devices, computer devices, applications or any other digital system as may be prescribed by the Bank;

“digital credit” means a credit facility or arrangement where money is lent or borrowed through a digital channel;

“digital credit business” means the business of providing credit facilities or loan services through a digital channel;

“digital credit provider” means a person licensed by the Bank to carry on digital credit business;

“digital lender” means a digital credit provider;

“non-performing loan” means a loan in which the principal or interest is due and unpaid after the due date as per the contract between the digital credit provider and the customer;

“pricing parameters” mean the pricing principles to be adhered to by digital credit providers when determining and/or setting the charges or cost of credit;

“pricing principles” include customer centricity, transparency and disclosure, fairness and equity, and affordability;

“significant shareholder” means a person other than the Government or a public entity, who holds directly or indirectly or otherwise has a beneficial interest in ten percent or more of the share capital of a digital credit provider or if it is proposed that such a person shall hold or have such a beneficial interest;

3. These Regulations shall not apply to —

- (a) an institution licensed under the Banking Act;
- (b) an institution licensed under the Microfinance Act;
- (c) a Sacco society licensed under the Sacco Societies Act;
- (d) Kenya Post Office Savings Bank supervised under the Kenya Post Office Savings Bank Act;
- (e) Credit arrangements involving the provision of credit by a person that is merely incidental to the sale of goods or provision of services by the person;
- (f) Any other entity approved by the Bank.

PART II: LICENCING OF DIGITAL CREDIT PROVIDERS

Authorized activities

4. (1) A digital credit provider shall engage in the following activities —

- (a) provision of credit; and
 - (b) any other activity as may be authorized by the Bank from time to time.
- (2) A digital credit provider shall not invite or collect deposits in any form in the course of carrying out digital credit business.
- (3) Any person who contravenes the provisions of sub-regulation 2 commits an offence and shall be liable upon conviction to a fine of five hundred thousand shillings or imprisonment for a term of five years or to both.

Licensing

5. (1) No person shall establish or carry out digital credit business in Kenya or otherwise hold himself out as carrying out digital credit business unless licensed under the Act and these Regulations.
- (2) Any person who contravenes the provisions of sub-regulation 1 commits an offence and shall be liable upon conviction to a fine of five hundred thousand shillings or imprisonment for a term of two years or to both.
- (3) Any person who was at the commencement of these Regulations conducting digital credit business which is not regulated under any other written law shall apply to the Bank for a licence within six months of publication of these Regulations.
- (4) A proposed digital credit provider shall apply to the Bank for a licence to conduct digital credit business in Form CBK DCP 1 set out in the First Schedule.
- (5) An applicant under sub-regulation (3) shall —
 - (a) be a company incorporated under the Companies Act; and
 - (b) ensure that its significant shareholders, directors and chief executive officer meet the fit and proper criteria set out in the Third Schedule.
- (6) An application under sub-regulation (1) shall be submitted together with the following additional information —
 - (a) A certified copy of the certificate of incorporation of the digital credit provider;
 - (b) A certified copy of the Memorandum and Articles of Association of the proposed digital credit provider;
 - (c) Notification of the proposed digital credit provider's registered address;
 - (d) A certified copy of the Memorandum and Articles of Association of any corporate body that proposes to have a significant shareholding in the digital credit provider;
 - (e) A certified copy of the constitutive documents of an unincorporated person that proposes to have a significant shareholding in the digital credit provider;
 - (f) Description of the information and communication technology system to be used in the operations of the digital credit provider;
 - (g) Description of delivery channels or platforms to be deployed by the digital credit provider;
 - (h) Description of, and terms and conditions of credit products and services which the proposed digital credit provider intends to provide;
 - (i) Agreement with a telecommunication or other service provider for provision of channel or platform for the provision of digital credit.
 - (j) The proposed digital credit provider's Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) policies and procedures;
 - (k) The proposed digital credit provider's data protection policies and procedures
 - (l) Description and evidence of sources of funds to be invested in the digital credit provider;

- (m) Evidence of payment of application fee set out in the Fourth Schedule;
- (n) Names and addresses of the Shareholders in form CBK DCP 1-3 set out in First Schedule;
- (o) Credit policy, code of ethics and market conduct;
- (p) The proposed digital credit provider's pricing model and parameters;
- (q) Corporate governance policy;
- (r) A sworn declaration signed by every officer as specified in the application form;
- (s) A certificate issued pursuant to section 19 of the Data Protection Act;
- (t) A statement as to compliance with the provisions of Part VII of the Consumer Protection Act;
- (u) Any other information as may be required by the Bank.

Issuance of a licence

6. (1) The Bank may, if satisfied that the applicant meets the requirements of these Regulations, grant a licence to the applicant, within sixty days of submission of a complete application.
- (2) In assessing the application, the Central Bank shall consider the following factors —
 - (a) the history of the applicant;
 - (b) the professional and moral suitability of the persons proposed to manage or control the proposed digital credit provider;
 - (c) sources and evidence of funds to be invested by or in the digital credit provider;
 - (d) the adequacy of the digital credit provider's systems, policies and procedures.
 - (e) the governance and risk management arrangements of the applicant;
 - (f) the public interest.
- (3) The Bank may endorse on a licence granted under sub regulation (1), such conditions as it considers necessary and may, from time to time, add, vary or substitute such conditions.
- (4) A person granted a licence shall pay an annual fee to the Bank as set out in the Fourth Schedule at such time as the Bank may determine.
- (5) A licence granted under these Regulations shall remain valid unless suspended or revoked by the Bank in accordance with these regulations.
- (6) The Bank shall cause the name of a licensed digital credit provider to be published in the Gazette and in the Bank's website within thirty days of grant of licence.
- (7) The Bank shall before the thirtieth day of March in each year, cause the names and addresses of all licenced digital credit providers to be published in the Gazette and the Bank's website.

Licence not transferable

7. The licence granted shall not be transferred, assigned or encumbered in any way.

Fit and proper obligations

8. (1) A person shall not be a director, a chief executive officer or a significant shareholder of a digital credit provider unless the Bank has certified the person as fit and proper in accordance with the criteria set out in the Third Schedule.
- (2) The Bank may, from time to time, where it deems it necessary, carry out an assessment of the professional and moral suitability of the persons managing or controlling a digital credit provider.
- (3) The Bank may direct a significant shareholder who is deemed by the Bank as not fulfilling the fit and proper criteria to dispose of all of his shares in a digital credit provider within such period as the Bank may direct.
- (4) The Bank may disqualify any director or chief executive officer from holding any office in a digital credit provider if he is determined not to meet the fit and proper criteria or for any other good cause shown.

Suspension or revocation of licence

9. (1) The Bank may, suspend or revoke a licence of a digital credit provider, if the licensee -
 - (a) is found to have given false information during the licence application;
 - (b) ceases to carry on the business of a digital credit provider;
 - (c) goes into liquidation or an order is issued for winding up;
 - (d) does not meet or has contravened or any of the licensing conditions;
 - (e) carries out activities outside the scope of licensed activities;
 - (f) has contravened any of the provisions of the Act or any regulations made thereunder relating to digital lending;
 - (g) is in breach of subsection (3) or the conditions of the Data Protection Act or the Consumer Protection Act; or
 - (h) otherwise conducts its business in a manner detrimental to its customers or members of the public.
- (2) The Bank shall specify the period of suspension of a digital credit provider's licence, and shall at the expiry of that period, lift the suspension or revoke the licence as the Bank considers appropriate.
- (3) The Bank shall cause the names of digital credit providers whose licences have been suspended or revoked to be published in the Gazette within thirty days of the suspension or revocation.
- (4) The Bank may, where a licence has been revoked, by notice in writing –
 - (a) require the licensee to transfer to its customer, records relating to the affairs of the customer held at any time for the customer, in such manner, as the Bank may specify in the notice; or

(b) permit the licensee, subject to such conditions as the Bank may specify in the notice, to carry on business operations for the purpose of closing down the business connected with the revocation.

(5) The Bank shall before suspending or revoking a licensee give the licensee an opportunity to be heard.

Amalgamations and transfer of assets and liabilities

10. A digital credit provider shall not enter into an amalgamation or an arrangement to transfer all or any part of its assets and liabilities to another entity except with the prior written approval of the Central Bank.

PART III: GOVERNANCE

Corporate governance

11. A digital credit provider shall practice sound corporate governance principles based on ethics and integrity, good reputation and legitimacy, sound risk management and compliance with the law.

Confidentiality

12. (1) A digital credit provider shall put in place appropriate policies, procedures and systems to ensure the confidentiality of customer information and transactions.

(2) A digital credit provider shall not share customer information with any person without the customer's consent.

(3) Directors, officers, employees and agents of a digital credit provider shall protect the confidentiality of customer information and transactions.

(4) No director, officer, employee or agent of a digital credit provider shall during, or upon and after termination of engagement or employment with the digital credit provider (except in the proper course of his duty and or with the digital credit provider's written consent) divulge or make use of any secrets, copyright material, or any correspondence, accounts of the digital credit provider or its customers.

PART IV: CREDIT INFORMATION

Exchange of credit information

13. (1) Notwithstanding any other provision in these Regulations, a digital credit provider shall disclose any positive or negative information of its customers to the licensed credit

reference bureaus, where such information is reasonably required for the discharge of the functions of the digital lenders and the licensed credit reference bureaus.

- (2) A digital credit provider shall not submit to any credit reference bureau any negative credit information of a customer or any other person where the amount related to the credit information does not exceed one thousand shillings.
- (3) A digital credit provider submitting credit information to a bureau shall ensure that such information is complete and accurate.
- (4) A suit, prosecution or other legal proceedings shall not lie against the Bank, credit reference bureau, a digital credit provider or chairperson, director, member, auditor, adviser, officer or other employee or agent of the Bank, credit reference bureau or digital credit provider for any loss or damage caused or is likely to be caused by anything which is done or intended to be done in good faith in pursuance of these Regulations, guidelines or directives issued hereunder, or under the Banking (Credit Reference Bureau) Regulations, 2020.

Customer's consent

14. (1) A digital credit provider shall ensure that the customer's consent is obtained before the submission or sharing of credit information with a credit reference bureau.
- (2) A customer may give consent through oral, print or electronic means, subject to the satisfaction of the digital credit provider as to the authenticity of the electronic consent.
- (3) A digital credit provider who furnishes negative information to a bureau with respect to a customer shall, in writing or through electronic means, notify the customer of the intention to submit the negative information at least thirty days before submitting the negative information to the bureau or within such shorter period as the contract between the digital credit provider and the customer may provide.
- (4) A digital credit provider who has furnished credit information to a bureau shall, within thirty days from the date the information was furnished to a bureau, notify the customer that the customer's credit information has been forwarded to the bureau.

Restrictions on use of credit information

15. (1) A digital credit provider shall not use credit information obtained from a bureau for any purpose other than for reaching decisions on transactions concerning a customer and on matters concerning an employee or a potential employee of the digital credit provider or for any other purpose as may be authorized under these Regulations or any other written law.
- (2) A digital credit provider shall not release information obtained from a credit reference bureau to any third party except as may be required under the Act, these Regulations or any other relevant written law, or to a digital credit provider's appointed

agent for the purpose of assisting the digital credit provider in the recovery of any of the digital credit provider's debts.

- (3) A digital credit provider shall take measures to safeguard the security of information provided to it by a credit reference bureau, or by it to a credit reference bureau.

PART V: PLACE OF BUSINESS

Places of business

16. (1) A digital credit provider shall have at least one registered physical office in accordance with the requirements of the Companies Act.
- (2) No branch or place of business of a digital credit provider shall be opened, relocated or closed without the prior written approval of the Central Bank.

PART VI: DIGITAL CREDIT

Provision of credit

17. (1) A digital credit provider may extend digital credit to customers according to its credit policy.
- (2) A digital credit provider may set borrower limits in its credit policy and the limits shall comply with any requirements prescribed by the Central Bank.
- (3) A digital credit provider may extend loans to its customers subject to its credit policy and any requirements of the Central Bank, and shall provide clear disclosures of the terms and conditions of the loan to the borrower including —
 - (a) charges and fees and the circumstances under which they may be imposed;
 - (b) interest rate to be charged and whether on a reducing balance or not;
 - (c) total cost of credit which shall include the principal amount, interest, fees and charges;
 - (d) the date on which the amount of credit and all interest, charges or fees are due and payable; and
 - (e) customer complaint handling procedures.

Credit appraisal

18. A digital credit provider shall not advance digital credit to a customer unless it has first taken reasonable steps to satisfy itself on the customer's ability to repay the credit facility.

Limit on interest recoverable from non-performing loans

19. (1) A digital credit provider shall be limited in what it may recover from a customer with respect to a non-performing loan to the maximum amount under sub-regulation (2).

- (2) The maximum amount referred to in sub-regulation (1) is the sum of the following—
 - (a) the principal owing when the loan becomes non-performing;
 - (b) interest, in accordance with the contract between the customer and the digital credit provider, not exceeding the principal owing when the loan becomes non-performing; and
 - (c) expenses incurred in the recovery of any amounts owed by the customer.
- (3) If a loan becomes non-performing and then the customer resumes payments on the loan and then the loan becomes non-performing again, the limitation under paragraphs (a) and (b) of sub-regulation (1) shall be determined with respect to the time the loan last became nonperforming.
- (4) This Regulation shall not apply to limit any interest under a court order accruing after the order is made.
- (5) A digital credit provider shall not recover through a court of law any interest which is affected by the requirements of this Regulation.

Credit Collection

20. A digital credit provider, its officers, employees or agents shall not in the course of debt collection engage in any of the following conduct against the customer or any other person—
 - (a) use of threat, or violence or other criminal means to physically harm the person, or his reputation or property;
 - (b) use of obscene or profane language;
 - (c) make unauthorized or unsolicited calls or messages to a customer’s contacts;
 - (d) improper or unconscionable debt collection tactic, method or conduct.
 - (e) any other conduct whose consequence is to harass, oppress, or abuse any person in connection with the collection of a debt.

PART VII: CONSUMER PROTECTION

Transaction receipts

21. A digital credit provider shall generate and issue receipt or acknowledgement of transactions carried out by or with a customer.

Customer complaints resolution

22. (1) A digital credit provider shall establish a complaints redress mechanism, including a channel for communicating customer complaints, and shall ensure proper communication

of this mechanism to its customers.

- (2) A customer complaint shall be addressed within thirty days of a customer reporting a complaint to a digital credit provider.
- (3) A digital credit provider shall keep a record of all complaints lodged by customers and the outcome of their resolution.

System integrity

23. A digital credit provider shall use systems that are secure and which ensure customer information confidentiality and security.

Customer information

24. A digital credit provider shall: -

- (a) prepare and maintain key information in a summarized form that informs the consumer of the fundamental benefits, risks and terms of the product or service
- (b) ensure that any information given to a consumer on among other things benefits, prices, risks and the terms and conditions; whether in writing, electronically or orally is fair, clear and transparent.
- (c) ensure that information on its products and services is updated and current and easily available at its branches, websites and any other communication channels which it uses.
- (d) ensure that it discloses at its branches, websites, advertisements, promotional materials and any other communication channels which it uses that it is regulated by the Central Bank of Kenya.
- (e) disclose its identity in the correspondence, documents and other written instruments that the institution issues in the course of its business generally or while dealing or contracting with a consumer
- (f) educate its customers on its services and products, and in particular, make its customers aware of the need to keep their personal details and information such as Personal Identification Number (PIN) secure.

Terms and conditions

25. (1) The terms and conditions provided by a digital credit provider shall highlight to a consumer the fees, charges, penalties, relevant interest rates and any other consumer liabilities or obligations in the use of the financial product or service.
- (2) A digital credit provider shall inform a consumer of all fees, charges, penalties, relevant interest.

rates and any other consumer liabilities or obligations relating to a product or service a consumer is interested in and shall explain to the consumer how these pecuniary liabilities may be calculated and when they will accrue.

False advertisements

26. (1) A digital credit provider shall ensure that any advertisement that it publishes or authorizes does not include any false, misleading or deceptive representation, or is otherwise misleading or deceptive.
- (2) Without prejudice to the generality of sub-regulation (1) a false, misleading or deceptive representation include—
- (a) a representation that the provision of the credit has an approval, benefits or qualities that it does not in fact have;
 - (b) a representation that the digital credit provider has an approval, status, affiliation or connection that it does not in fact have;
 - (c) an inaccurate or incomplete representation as to the interest rate, costs or charges payable under a digital credit facility.

Variation of credit terms

27. (1) A digital credit provider shall not increase charges or limits or have a provision in the credit agreement that purports to vary credit terms without the customer's consent.
- (2) A digital credit provider shall not change its pricing model or parameters without the prior written approval of the Bank.

PART VIII: ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

Sources of funds

28. A digital credit provider shall provide to the Bank the evidence and sources of funds invested or proposed to be invested in the digital credit provider.

Customer identity

29. A digital credit provider shall satisfy itself as to the identity of its customers while performing transactions.

Proceeds of Crime and Anti-Money Laundering Act, 2009

30. A digital credit provider shall comply with the requirements of the Proceeds of Crime and Anti-Money Laundering Act, 2009, in conducting its business.

PART IX: REPORTING REQUIREMENTS AND OVERSIGHT BY THE CENTRAL BANK

Examinations

31. A digital credit provider shall make its books and records readily available to the Bank for inspection and other supervisory purposes.

Reporting Requirements, On-site and Off-Site Monitoring

32. A digital credit provider shall be subject to the Central Bank's on-site and off-site monitoring and shall make such periodic reports and returns as may be specified by the Central Bank.

Information sharing

33. The Bank may disclose any information received in the performance of its duties or responsibilities under the Act to any financial regulatory authority, fiscal or tax agency or fraud investigations agency within or outside Kenya, where such information is reasonably required for the proper discharge of the functions of the Bank or the requesting financial regulatory authority, fiscal or tax agency or fraud investigations agency.

Provided that the sharing of information with institutions and entities outside Kenya shall only apply where there is a reciprocal arrangement.

Powers of Central Bank to advise and direct

34. (1) If, at any time, the Central Bank has reason to believe that —

- (a) the business of a digital credit provider is being conducted in a manner contrary to the requirements of the Act, these Regulations or guidelines issued by the Central Bank or in any manner detrimental to or not in the best interests of its customers or members of the public; or
- (b) a digital credit provider or any of its officers is engaged in any practice likely to occasion a contravention of any of the provisions of the Act, these Regulations or guidelines issued,

the Central Bank may —

- (i) give advice and make recommendations to the digital credit provider with regard to the conduct of its business generally;
 - (ii) issue directions regarding measures to be taken to improve the management or business methods of the digital credit provider or to secure or improve compliance with the requirements of the Act, the Regulations or guidelines issued or any other written law or regulations;
 - (iii) in any case to which paragraph (b) applies, issue directions to the digital credit provider, officer or other person to cease such practice;
- (2) The Central Bank may, before issuing a direction under sub-regulation (1), serve upon the digital credit provider, officer or other person, a notice of such intent specifying the reasons therefor and requiring the digital credit provider, officer or other persons, within such period as may be specified in the notice, to show cause why such direction should not be issued.
- (3) A digital credit provider which receives a direction under the provisions of this regulation shall comply with the direction within such period as may be specified in the direction and, if so required, shall produce evidence that it has done so.
- (4) The Central Bank may issue directions to digital credit providers generally for the better carrying out of its functions and in particular, with respect to —
- (a) the standards to be adhered to by a digital credit provider in the conduct of its business; and
 - (b) guidelines to be adhered to by digital credit provider in order to maintain a stable and efficient financial system.

Enforcement and Administrative Sanctions

35. (1) The Bank may impose any or all of the following administrative sanctions with regard to a digital credit provider that fails to comply with the Act, these Regulations or its directives and against its board of directors, or its officers —
- (a) monetary penalty on a digital credit provider, its directors, officers or employees responsible for non-compliance in such amounts not exceeding five hundred thousand shillings for each violation or non-compliance;
 - (b) additional penalties not exceeding ten thousand shillings in each case for each day or part thereof during which the violation or non-compliance continues;
 - (c) suspension from office of the defaulting director, officer or employee;
 - (d) disqualification from holding any position or office in any licensed or financial institution in Kenya;
 - (e) undertake more frequent inspections of that digital credit provider;

- (f) order the digital credit provider to submit to the Central Bank, within forty-five days, a plan to resolve all deficiencies to the satisfaction of the Central Bank;
- (g) suspension or revocation of the licence; and
- (h) Any other action as the Bank may consider appropriate.

PART X: MISCELLANEOUS

Voluntary Liquidation

36. (1) A digital credit provider may, with the approval of the Central Bank, voluntarily liquidate itself if it is able to meet all its liabilities.
- (2) An application for the Central Bank's approval for the purposes of sub-regulation (1) shall be in such form as may be prescribed.
 - (3) The Central Bank may, upon receipt of an application under sub regulation (2), approve the application if satisfied as to the solvency of the digital credit provider.
 - (4) Where the Central Bank approves an application by a digital credit provider under this Regulation, such digital credit provider shall forthwith cease all its operations except such activities as are incidental to the orderly realization, conservation and preservation of its assets and settlement of its obligations.
 - (5) The Central Bank shall upon approval of a voluntary liquidation, follow up with the digital credit provider to ensure smooth execution of the liquidation process.

FIRST SCHEDULE

FORM CBK DCP 1

(Regulation 5(3))

APPLICATION FOR A LICENCE TO CONDUCT THE BUSINESS OF A DIGITAL CREDIT PROVIDER

NB: This form should be submitted, duly completed, accompanied by the complete set of documents required under Part II of these regulations

1. Name of Digital Credit Provider

.....

2. Physical Address of Head Office: L.R. No.....

Street: Building & Town/City.....

3. Postal Address and Postal Code.....

Telephone No: P.I.N.:

E-mail address.....

4. Date of IncorporationCertificate Reg. No.....

5. Former name(s) (if any) by which the digital credit provider has been known.....

6. **Particulars of shareholding:**

Present and Former Name(s) of shareholder(s)	Postal Address of shareholder(s)	PIN No. and Identification No.	Incorporation or Registration Details	No. of shares held/allocated

7. Particulars of Officers:

A. Directors

	Name of Proposed Director	Age and Nationality	Proposed Capacity (Executive /Non-Executive)	ID No./ Passport No.	Qualification (academic and professional)	Postal and Email address	Tele- phone contacts	Experience /previous employment	Other Current Director ship (s)
1.									
2.									
3.									
4.									

(Attach all necessary supportive documentation; please indicate N/A where requested details are not applicable)

B. Senior Officers

	Name of Proposed Senior Officer	Age and Nationality	Proposed Designation	ID No./ Passport No.	Qualification (academic and professional)	Postal and Email address	Telephone contacts	Experience /previous employment	Current Position
1.									
2.									
3.									
4.									

(Attach all necessary supportive documentation; please indicate N/A where requested details are not applicable)

Names of the proposed digital credit provider's –

a. bankers, branch and their address
.....

b. name of law firm and their address
.....

c. name of corporate secretary and their address
.....

9. Sources of funds for the proposed business

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

10. Does the digital credit provider hold, or has it ever held any authority from a supervisory body to carry on any business activity in Kenya or elsewhere?

.....
.....

If any such authority has been revoked, give particulars

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

11. Has the digital credit provider been put under receivership in the past or made any compromise or arrangement with its creditors in the past or otherwise failed to satisfy creditors in full?

..... If so,
give particulars.....

12. Has the digital credit provider been the subject of investigation by a government agency during the last three years?

.....
..... If
YES, give particulars.....

DECLARATION

We, the undersigned, being directors of the digital credit provider, declare that to the best of our knowledge and belief, the information contained herein is complete and accurate. We also certify that the capital to be invested in the digital credit provider is not from proceeds of crime.

Director (Name)

Signature.....Date.....

Director (Name).....

Signature.....Date.....

FIT AND PROPER FORM FOR DIRECTORS AND CHIEF EXECUTIVE OFFICER

NB: This form should be duly completed, accompanied by the complete set of documents required under Part III and submitted to the Bank.

1. DIGITAL CREDIT PROVIDER

Name.....
 Type.....
 Proposed position.....

2. PERSONAL INFORMATION

- a) Surname..... Other Names
- b) Previous Names (if any) by which you have been known:

 Reasons for change of names.....
- c) Year and Place of birth:
- d) Nationality and how acquired.....
- e) Personal Identification Number (PIN)
- f) (i) Identification Card number and date of issue
- (ii) Passport number, place and date of issue.....
- g) Postal Address:
- h) Physical Address.....
- i) Telephone numbers.....

Educational Qualifications

	Qualifications	Year Obtained	Examining Body	Grade Obtained
1.				
2.				
3.				

Professional Qualifications and years obtained

	Qualifications	Year Obtained	Examining Body	Grade Obtained
1.				
2.				
3.				

h) Name(s) of your bankers during the last 5 years

.....

i) Responsibilities of Proposed position

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3. EMPLOYMENT/ BUSINESS RECORD

Period	Name of Employer/ Business and	Position Held & Dates	Responsibilities	Reasons for Leaving (where applicable)

4. DESCRIPTION OF PAST AND PRESENT ACTIVITIES IN KENYA AND ABROAD

4.1 SHAREHOLDING (DIRECTLY OWNED OR THROUGH NOMINEES)

Company's Name	Certificate of registration No.	Number of Shares held	% of Shareholding

4.2 DIRECTORSHIPS

Company's Name	Certificate of registration No.	Executive or Nonexecutive	Position held	Date of appointment	Reasons for leaving

4.3 MEMBERSHIP TO PROFESSIONAL BODIES

Name of the institution	Membership No.	Position held	Current status of membership	Reasons for leaving

5. BORROWINGS

5.1 Have you ever defaulted in your financial obligations in the last five

years?.....

If yes, give details

.....

5.2 Have you at any time been convicted of any criminal offence in any jurisdiction? If so, give particulars of the court in which you were convicted, the offence, the penalty imposed and the date of conviction

.....

5.3 Have you ever been disqualified, under any legislation or regulation from acting as a director or serving in a managerial capacity?

.....

.....

5.4 Have you, in any country, ever been dismissed from any office or employment, or been asked to resign or resigned from employment or position of trust or fiduciary appointment? If so give particulars

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.....

5.5 Have you ever been diagnosed as being mentally unfit or of unsound mind?

.....

.....

5.6 Have you ever been adjudged bankrupt?

If so, give particulars

.....

.....

5.7 Have you ever been convicted of fraud or theft by a court of law in any country?

If so, give particulars

.....

5.8 Has any entity with which you were associated as a director, shareholder or manager in any country been in financial distress, made any compromise or arrangement with its creditors, been wound up or otherwise ceased business either while you were associated with it or within three year after you ceased to be associated with it?

If so, give particulars.....

.....

.....

5.9 Indicate the names, postal and e-mail addresses, telephone numbers and positions of at least three individuals of good standing who would be able to provide a reference on your personal and professional integrity. The referees must not be related to you, and should have known you for at least five years.

	Name of Referee	Postal Address	E-mail address	Tel no. (s)	Position (where applicable)	Relationship with applicant
1						
2						
3						

5.10 Is there any additional information which you consider relevant for the consideration of your suitability or otherwise for the position(s) held/to be held? The omission of material facts may represent the provision of misleading information

.....

6. DECLARATION

I am aware that it is an offence to knowingly provide any information, which is false or misleading. I am also aware that omitting material information intentionally shall be construed to be an offence.

I certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to this application of which the Bank should be aware.

I undertake to inform the Bank of any material changes to the information provided herein

NAME..... POSITION HELD

DATED..... AT..... THIS DAY OF.....

SIGNED.....

(Applicant)

(This declaration must be signed in the presence of the witness named below)

WITNESSED BEFORE ME:

COMMISSIONER FOR OATHS/MAGISTRATE

Name:

Signature:

Address:

Date.....and

Stamp.....

N.B. The information given in response to this questionnaire shall be kept confidential by the supervisory authorities, except in cases provided for by law.

.....

FIT AND PROPER FORM FOR SIGNIFICANT SHAREHOLDERS

NB: This form should be duly completed, accompanied by the complete set of documents provided under Part III.

1. DIGITAL CREDIT PROVIDER

Name.....
.....
Registration No.
.....

2. INFORMATION

- a) Name of the corporate body
.....
- b) Previous Names (if any) by which you have been known:
.....
- c) Year and date of incorporation
.....
- d) Country of incorporation
.....
- e) Personal Identification Number.....
- f) Contacts details
- g) Name(s) of your bankers over the last 5 years

3. DESCRIPTION OF PAST AND PRESENT ACTIVITIES IN KENYA AND ABROAD

3.1 SOURCES OF FUNDS

- 1. Please provide details of the actual source(s) of funds that you, as a shareholder, would like to invest or use in the acquisition of shares in the digital credit provider.
 - a)
 - b)
 - c).....

2. Declaration on the sources of funds

Please provide a sworn statement that the funds that you, as a shareholder, would like to invest or use in the acquisition of shares in the digital credit provider are not from proceeds of crime.

4. DECLARATION

I am aware that it is an offence to knowingly provide any information, which is false or misleading. I am also aware that omitting material information intentionally shall be construed to be an offence.

I certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to this application of which the Bank should be aware.

I undertake to inform the Bank of any material changes to the information provided herein

NAME:

DATED AT:.....THIS.....DAY OF..... 20.....

WITNESSED BEFORE ME:

SIGNED **(Applicant)**

COMMISSIONER FOR OATHS/MAGISTRATE

Name:

Signature:

Address:

Made on20.....

THIRD SCHEDULE

(Regulations 5 and 8)

PART A

CRITERIA FOR DETERMINING PROFESSIONAL AND MORAL SUITABILITY OF DIRECTORS AND SENIOR OFFICERS

- a) For the purposes of determining the professional and moral suitability of persons, proposed to be directors and senior officers of a digital credit provider, the Bank shall have regard to the following qualities, in so far as they are reasonably determinable —
- i) possession of relevant qualification, knowledge, skills and experience;
 - ii) ability to recommend sound practices based on previous business experience;
 - iii) ability to provide objective advice;
 - iv) ability to avoid conflicts of interest in activities and commitments with other organizations.
- b) Without prejudice to the generality of the provisions of paragraph (a), the Bank, may have regard to the present and previous conduct and activities of the person concerned in business or financial matters and, in particular, to any evidence that such person —
- i) has been convicted of an offence of fraud or any other offence of which dishonesty is an element;
 - ii) has contravened the provisions of any law designed for the protection of members of the public against financial loss due to the dishonesty or incompetence of or malpractices;
 - iii) was a director or a senior officer of an institution that has been liquidated or is under liquidation or statutory management;
 - iv) has taken part in any business practices that, in the opinion of the Bank, were fraudulent, prejudicial or otherwise improper (whether unlawful or not);
 - v) has taken part in or been associated with any other business practices as would, or has otherwise conducted himself in such manner as to cast doubt on his competence and soundness of judgment;
 - vi) has defaulted in the repayment of a loan for three consecutive months advanced by a licensed financial institution; and
 - vii) has been adjudged bankrupt.
- c) The Bank may request any person to furnish such additional information as may be necessary in determining the professional or moral suitability of the person.

PART B

CRITERIA FOR DETERMINING MORAL SUITABILITY OF SIGNIFICANT SHAREHOLDERS

- a) For the purposes of determining the moral suitability of significant shareholders of a digital credit provider the Bank shall have regard to the previous conduct and activities of the significant shareholder concerned in business or financial matters and, in particular, to any evidence that such person —
 - i) has been convicted of the offence of fraud or any other offence of which dishonesty is an element;
 - ii) has contravened the provisions of any law designed for the protection of members of the public against financial loss due to the dishonesty or malpractices by persons engaged in the provision of banking, insurance, investment or other financial services.
- b) Where the significant shareholder is a corporate entity, its directors and senior officers shall satisfy the criterion specified in paragraph (a) above.
- c) The Bank may request any person or corporate entity to furnish such information as may be necessary in determining the moral suitability of significant shareholders.

FOURTH SCHEDULE

(Regulations 5 and 6)

FEES

- | | |
|--|-------------|
| a) Application for a licence | Ksh. 5,000 |
| b) On the granting of a licence, and annually thereafter | Ksh. 20,000 |

DR. PATRICK NJOROGE
GOVERNOR, CENTRAL BANK OF KENYA