



BANK OF PAPUA NEW GUINEA

FINANCIAL SYSTEM DEVELOPMENT DEPARTMENT

**APPLICATION for LICENCE to CARRY ON BUSINESS AS A SAVINGS AND
LOAN SOCIETY**

Section 7, Savings and Loan Society Act 2015

Date of application:

Name of applicant:

Contact information:

Name:

Position or Title:

Address:

Telephone & Fax:

e-mail:

INSTRUCTIONS

A. GENERAL

The Savings and Loan Society Act 2015 (Act) requires that a company incorporated under the Companies Act 1997 that desires authority to carry on business as a Savings and Loan Society may apply to the Central bank for a licence. The Act further requires that an application to be submitted in a form prescribed by the Central Bank, include certain prescribed information, and be accompanied by the required application fee.

This checklist is provided to assist you in preparing and submitting an application that provides all the required information and satisfies the criteria for approval of an application. This checklist is divided into two parts, each relating to a different aspect of the proposed institution. Specifically, information is requested about the:

Part	Covered Area
I	Proposed Institution
II	Directors, Chief Executive Officer or Manager

B. REQUIREMENTS

1. Responses – no application will be considered until complete information is submitted. All responses and documentation submitted with this application must be **type written** or printed clearly in ink. All questions must be answered; no question maybe left blank. If an appropriate answer is “No”, “None”, “Not applicable”, or “Not known”, so indicate. Additional pages maybe added if response page is not enough. Inaccurate or incomplete information will result in delays for the processing of an application.
2. Inquiries – any inquiries concerning the preparation, documentation, required fees, or status of this application should be addressed to: **The Manager, Financial System Development Department, Bank of Papua New Guinea.**
3. Submission – the Central Bank will only consider an application to be complete and officially submitted when all required information is received.

An original plus one duplicate of the application and all supporting attachments must be submitted in one complete package to:

**The Governor
Bank of Papua New Guinea
Po Box 121, Douglas Street
Port Moresby, NCD
Papua New Guinea**

CHECKLIST

The following checklist is intended to assist applicants in preparing and submitting a complete application. At a minimum, all questions in the application form and all supporting documentation must be submitted on the form and detail requested. Additional information may be submitted if believed appropriate to clarify or supplement the requested information.

Does this application include ALL of the following items?

1. ____ Declaration in respect of Application for License (signed by all application or the authorised agent of the applicant/s).
2. ____ Registration by the Investment Promotion Authority.
3. ____ Constitution.
4. ____ Required Net Assets amount of K500,000.00.
5. ____ Part I – Proposed Institution. All questions must be answered in full and all required supporting information must be included.
6. ____ Part II – Directors and Chief Executive or Managers. All questions must be answered in full and all required supporting information must be provided including, in particular, a detailed financial statement for each person who will be a director, chief executive or manager.
7. ____ Detailed business plan including, at a minimum, the following information:
 - a) __ specific identifying information required.
 - b) __ market and economic analysis information required.
 - c) __ business strategy, objectives, services and assumptions.
 - d) __ organisational structure, schedules of officers and compensation, and any agreements or arrangements with insiders.
 - e) __ source/s and amount of capitalisation funds, growth plans and sources of additional capital.
 - f) __ pro forma financial statements for the proposed institutions.
8. ____ Audited Financial Statements for the past three (3) years.
9. ____ Complete set of risk management policies covering:
 - b) __ Governance and Board.
 - c) __ Management Performance.
 - d) __ Capital.

- e) ___ Asset Quality.
- f) ___ Earnings, Liquidity and Market Risk.
- g) ___ Operational Risk.

10. ___ Information on Management Information System, including Core Banking System.

DECLARATION
in respect of
APPLICATION for LICENCE to CARRY ON BUSINESS AS A SAVINGS AND
LOAN SOCIETY

I/We, the undersigned, acting for and on behalf of the applicant, do hereby certify that:

- (a) all information given in response to and in support of the questions in this application is true and correct to the best of my/our knowledge and belief; and
- (b) the personal data and financial statements submitted with respect to each director, chief executive and manager are true and correct to the best of my/ our knowledge and belief; and
- (c) this application is made in good faith with the purpose and intent that the affairs and business of the proposed institution will be conducted, at all times, prudently in accordance with sound business principles and in full compliance with all applicable laws and directives.

I/We further certify that to the best of my/ our knowledge and belief there are no other facts or information relevant to this application of which the Central Bank should be aware, and I/we pledge to promptly inform the Central Bank of any changes material to this application which may arise while it is being considered by the Central Bank.

Signatures:

_____	_____
Applicant or Agent	(print name)
_____	_____
Applicant or Agent	(print name)
_____	_____
Applicant or Agent	(print name)
_____	_____
Applicant or Agent	(print name)

Date: _____

ATTACHMENT A

PROPOSED INSTITUTION

This section requests information about the proposed institution. Respond fully to all of the Questions 1 – 22. The Central Bank may require submission of other information as necessary to adequately assess the merits of this application.

1. **Name, Address, Other Activities.** Provide the legal name, mailing address, and registered office of the proposed society.
2. **Contact Person.** Provide the name, address, and telephone number of the person/s to be contacted regarding this application.
3. **Incorporation.** Date of incorporation of proposed society: _____
Provide a copy of the constitution or other document by which the proposed society corporate is, or is to be, constituted.
4. **Directors and Officers.** Provide the names, addresses, and occupations of the persons who will be directors, chief executive or manager of the proposed society.

Director Name	Address	Occupation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Officer Name	Address	Position to be held
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. **No of Shareholders (Members):** _____
6. **Value per Share:** _____
7. **Business Relationships:** Describe all business relationships, if any, which any director, chief executive or manager may have, with the proposed institution. Be specific.

8. **Auditors and Bankers.** Provide the names and address of the proposed society's auditors and bankers. Indicate a contact person for each such audit firm and bank.
9. **Affiliates.** Provide the name, address, and type of business for any organisation which is or will be in any way affiliated with the proposed society.
10. **Shareholder Controller of Any Other Financial Institution.** If the society is now or ever has been a shareholder controller (owning 15% or more of the voting shares) of any other financial institution, provide details thereof including any relationship which now exists or will exist between the other financial institution and the proposed society.
11. **Membership in Professional or Trade Associations.** If the proposed society is now or will be a member of any professional or trade association for financial activities in Papua New Guinea or elsewhere, provide details including whether such membership has ever been refused or terminated.
12. **Premises and Equipment.** Describe the premises and equipment to be used by the proposed society. Indicate whether the premises and equipment will be owned or leased, from whom purchased or leased, and the cost of acquisition of the lease payments.
13. **Business Plan.** Submit detailed business plan for the proposed society using the format provided with this forms. At least three (3) year projections must be included, and assumptions used in preparing the plan and the projections must be realistic and based on comparative data for the market/s to be served and the existing economic conditions.
14. **Audited Financial Statements.** Submit the proposed society's audited statements for the past three (3) years.
15. **Risk Management Policies.** Submit copies of all relevant risk management policies.
16. **Management Information Systems.** Submit detail information, agreements and licences on the MIS that will be used for the operations of the proposed society.

Provide any other information regarding the proposed society or any affiliate thereof, which may assist the Central Bank in evaluating this application.

ATTACHMENT B

DIRECTORS, CHIEF EXECUTIVES OR MANAGERS

This section requests biographical and financial information on natural persons who are or will be directors, chief executives, or managers of the proposed society.

A complete form must be filled out for each such person.

Respond fully to Questions 1 – 22. A detailed personal financial statement and a CV must be provided for each person who is or will be a director, chief executive or manager using the form provided. Supporting schedules must be included to explain aggregate data and for all real estate, notes and accounts receivable, and proprietary interests in unlisted shares or closely held companies. Methods and assumptions used in establishing values for real estate, unlisted shares or closely held companies must be fully disclosed. Dates and amounts shown in the supporting schedules must correspond to those shown in the financial statement. If unlisted shares are shown as an asset and if such shares represent 10% or more of the net worth of the person submitting the financial statement, then financial statements for the underlying company/ies must be provided for the most recent two full years.

The Central Bank may require submission of additional information, including real estate or business valuations, in order to accurately assess financial strength and capacity.

1	NAME AND ADDRESS - Provide the full name and physical address (current and permanent or immediate past) of the person who will be a director or responsible person of the institution.				
	Name		Middle Name		Surname
	Date of Birth		Place of Birth		
	Home Province		Nationality/ Citizenship		
	Country of Residence				
2	HOME ADDRESS				
	Section/ Allotment/ Street Name				
	Telephone		Fax		
	Email		Mobile		
3	POSITION: Provide the position and/or title the above person will hold in the institution.				
	Position in Question		Name of Financial Institution		
	Nature of Business		Former Trade Name		
	Roles, Responsibilities and Reporting - Discuss the role the above person will have in organizing and managing the affairs of the institution. Indicate to whom the person will report and/or from whom he will receive directions or instructions. If the person will be an executive officer, describe the specific duties and responsibilities for the position(s) to be held. If the person will be a director and will also have executive officer responsibilities within the institution, indicate the nature and extent of such responsibilities.				

4	PREVIOUS POSITIONS WITH OTHER BPNG REGULATED INSTITUTIONS			
	Position	Institution	Period	
1)				
2)				
3)				
5	POINT OF CONTACT			
	Name of Person		Position	
	Address			
	Telephone		Fax	
	Email		Mobile	
6	BUSINESS LOCATION			
	Name of Building			
	Allotment		Section	
	Street Name		Suburb	
	Town/ City		Province	
7	ASSESSMENT & FINDINGS			
	(Regard for educational qualification, work experience, competency, probity issues, evidence of impropriety, criminal conduct, breaches of Law etc.)			
8	HIGHEST EDUCATION QUALIFICATION(S)			
	Name of Tertiary Institutions	Qualification Obtained	Year	Location
1)				
2)				
3)				
4)				
5)				
9	SKILL(S)/ WORK EXPERIENCE			
	Name & Address of Employer	Type of Business	Position Held	Employment Period/ Reason for leaving
1)				
2)				
3)				
4)				
5)				
10	List all companies (in Papua New Guinea and overseas) the person is a responsible person of and indicate role			
	1.			
	2.			
	3.			
	4.			
	5.			
11	List all companies (in Papua New Guinea and overseas) where, the person, or the person together with his/ her associates, control 15% or more of the shares (list percentage).			
	1.			
	2.			
	3.			
	4.			
	5.			
12	List all companies (in Papua New Guinea and overseas) where, the person together with his/ her associates is an indirect controller.			
	1.			
	2.			
	3.			

	4.
	5.
13	Membership in Professional or Trade Association. If the above person is now or will be a member of any professional or trade association concerned with financial activities in Papua New Guinea or elsewhere, provide details including whether such membership has ever been refused or terminated.
14	Censure. Has the above person ever been censured, prosecuted, or warned as to conduct, disciplined, or publicly criticized by, or made subject to a court order by any governmental department or agency, professional association, or regulatory body in Papua New Guinea or elsewhere? If so, provide details.
15	Convictions or Administrative Orders. Has the above person ever been convicted of any felony offense, or has a petition for an administrative order been served on him/ her, in Papua New Guinea or elsewhere, within the last 10 years? If so, provide details.
16	Investigations. Has the above person ever been or is he/ she now subject to an investigation, in Papua New Guinea or elsewhere, by or at the instigation of any governmental department or agency, professional association, or other regulatory body? If so, provide details.
17	Litigation. Is the above person engaged or expecting to be engaged in litigation, in Papua New Guinea or elsewhere, which may have a material effect on his / her resources or his/her, ability to financially support the proposed institution? If so, provide details.
18	Judgment. Has the above person, within the last 10 years, failed to satisfy within one year a judgment of debt under a court order in Papua New Guinea or elsewhere? If so, provide details.
19	Fraud. Has the above person ever been judged by a court, in Papua New Guinea or elsewhere, to be civilly liable for fraud, malfeasance, or any other misconduct? If so, provide details.
20	Bankruptcy or Debt Compromise. Has the above person been judged bankrupt by a court, in Papua New Guinea or elsewhere, or has a bankruptcy petition ever been served on him/her within the last 10 years, or has he/she made any compromise arrangement or otherwise failed to satisfy his/her creditors in full within the last 10 years? If so, provide details.
21	Receiver. Has a receiver of any property of the above person been appointed within the last ten years in Papua New Guinea or in any other jurisdiction? If so, provide details including whether the receiver is still acting under the appointment.
22	Liquidation. (a) Voluntary - Has a notice for the voluntary liquidation of the above person been issued within the last 10 years in Papua New or in any other jurisdiction? If so provide details including whether the liquidation has been fully resolved.

	(b) Compulsory. Has the petition for compulsory liquidation of the above person been served within the last 10 years in Papua New Guinea or in any other jurisdiction? If so provide details including whether the petition has ever been fully resolved.
23	Income Taxes. Is the above person in good standing with the Internal Revenue Commission in Papua New Guinea or in any other jurisdiction, or does he/she have any tax liabilities which are unpaid or in dispute?
24	Share Registrations. How many shares in the proposed institution are or will be registered in the name of the above person or in the name of a related party? Provide the name(s) in which the shares will be registered and the class of shares if not ordinary shares.
25	Beneficial Interest. How many shares in the proposed institution which are <u>not</u> registered in the name of the above person or in the name of a related party, will the above person have a beneficial interest in? Provide the name(s) in which the shares will be registered and the nature of the beneficial interest.
26	Trustee or Nominee. Does or will the above person or any party related to him/her hold shares in the proposed institution as a trustee or nominee? If so provide details.
27	Assignments or Pledges. Are or will any of the shares in response to Question 21-23 be equitably or legally assigned or pledged to any other party? If so provide details.
28	Voting Authority. a) Direct. What proportion of the voting shares at the general meeting of the proposed institution or any other organization of which the proposed institution is a subsidiary, is or will the above person be entitled to vote or exercise control over? Provide details of such voting authority or control.
	b) Indirect. If the exercise of voting power at any general meeting of the proposed institution, or of any other organization of which the proposed institution is a subsidiary, is or may be controlled or influenced by someone other than the above person, provide the identity of such other person and the proportion of voting power so controlled or influenced.
29	Removal or suspension or other disciplinary actions. Has the person above been, or is being, removed or suspended, by order of a regulatory authority in PNG or in a foreign country, as a director, officer or shareholder controller of any regulated institution, unless such removal or suspension is solely the result of his/her political affiliation and in no way relates to his/her performance, conduct or competency as a director, officer or shareholder controller of a regulated institution? If so provide details.
30	Offences and Breaches of any Legislation Administered by the Bank. Has the person above ever contravened any provision of the Acts administered by the BPNG or any rule or order issued thereunder, or has been guilty of gross negligence or wilful or intentional misconduct as those terms contextually apply in the Acts? If so provide details.

31	Political/Elective Public Office. Has the person above held an appointed or elected position in Parliament, a Provincial Council, or a local authority in PNG or in a foreign country, or is an officer of a recognized political party as referenced in the Constitution of PNG or similarly in a foreign country within the last ten years? If so provide details.																				
32	Documents to be provided.																				
	<ol style="list-style-type: none"> 1. Curriculum Vitae 2. Balance Sheet (Personal) 3. Police Clearance Certificate 4. All other information as prescribed by the respective Acts administered by BPNG and prudential standards on Fit and Proper Requirements. 																				
SUMMARY/ CONCLUSION																					
* NOTE: <i>SUMMARY/CONCLUSION (based on the FINDINGS/ASSESSMENT)</i>																					
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	RECOMMENDATION(S)																				
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	COMMENTS BY SUPERVISOR																				
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Name		Position																			
Signature		Date																			
	COMMENTS BY DEPARTMENT MANAGER																				

	Signature		Date

This form is only for the use of a responsible person.

A Responsible Person is:

- a. a Board member, chief executive officer or managing director;
- b. a senior manager of the institution, being a manager that reports to board committees, direct report to the chief executive officer or managing director, or an employee of the institution who:
 - exercises managerial functions; or
 - is responsible for maintaining the accounts or other records of the institution; or
 - is responsible for any business which is material to the institution; or
 - heads of any risk management functions including credit, treasury and compliance; and
 - maintains systems of control of an institution to protect it against involvement in money laundering.
- c. the head of the internal audit function or the most senior external auditor (audit partner) of the institution;
- d. any other person determined by BPNG in writing to be a responsible person. BPNG can be expected to make such a determination where a person plays a significant role in the management or control of the institution, its subsidiaries or holding company or where that person's activities may materially impact on prudential matters; and
- e. a consultant, contractor or employee of a subsidiary or otherwise related company acting in the position of a responsible person.

Note: For further guidance on responsible persons, refer to the respective Fit and Proper Requirement Prudential Standards.

<p>Provide any other information regarding the proposed director, chief executive or manager, which may assist the Central Bank in evaluating this application.</p>
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ATTACHMENT C

INDIVIDUAL FINANCIAL STATEMENT

To be completed by each natural person who is or will be a director, chief executive or manager of the society for which this application is being submitted.

Name and Address of the Proposed Society:

Name and Proposed Position of Person:

Date of Financial Statement:

ASSETS

Cash & Bank Balances/ 1

Marketable Shares/ 2

CSV Life Insurance/ 3

Debtors – good

Debtors – doubtful

Other Shares & Investments/ 4

Vehicles & Equipment/ 5

Personal Property/ 6

Real Estate/ 7

Business Interest/ 8

Other assets/ 9

Total Assets

LIABILITIES & NET WORTH

Accounts payable

Notes payable/ 10

Mortgage payable/ 11

Interest Due and Unpaid/ 12

Taxes Due and Unpaid/ 13

Judgements/ 14

Other Liabilities/ 15

Total Liabilities

Net Worth

Total Liabilities & Net Worth

NOTES

(1) Provide names of banks, account numbers and contact officers at banks.

(2) Provide number of share of listed companies, where held, date acquired, cost, current market value, and certified copy of the share certificates or other evidence of ownership if value exceeds 10% of net worth.

(3) Provide number, face amount and type of policy, name and address of company, names of insured and beneficiaries, evidence of current cash value and certified copy of policy if value exceeds 10% of net worth.

(4 - 9) Indicate kinds of shares or investments, vehicles and equipment, property, real estate, business interests or other assets; indicate date acquired, cost, current value, and method of valuation if value exceeds for any category that exceeds 10% of net worth.

(10-11) Indicate to whom debts are payable, original and current balances, repayment terms and security.

(12-13) Indicate the amount/s of any accrued interest or taxes that are due and unpaid, and to whom owed.

(14) Provide details of any judgements currently outstanding.

(15) Provide details of other liabilities if amount exceeds 10% of net worth.

I hereby certify that the information provided in the financial statement above and in the supporting schedules is true and correct to the best of my knowledge and belief, and that there are no material omissions or misrepresentation of facts. I also authorise the Central Bank to request and receive any information necessary to verify the accuracy of information contained in this financial statement.

Signature: _____

Date: _____

ATTACHMENT D

BUSINESS PLAN

A. INTRODUCTION

Organizing groups applying for a license must submit a detailed business plan as part of the application process. In addition, when establishing a branch or making a significant change in operations such as an amalgamation, a proposed society will be requested to submit an amended business plan. The business plan should set forth the objectives and strategies of the proposed society and provides guidance for management. It should be flexible and allow for change as circumstances require. Changes in the objectives or strategic goals should be approved by the board of directors and incorporated into an amended plan. The Central Bank will review an proposed society's business plan at periodic examinations or when other regulatory issues arise.

A suggested format for a business plan is shown below; alternative formats may be used provided that all relevant information is included. The plan must identify the proposed market/s to be served and products and services to be offered, must demonstrate adequate capital and managerial resources for the kinds and levels of activities, and show compliance to regulatory requirements. The plan must include operating projections for at three years and contain sufficient information to demonstrate a reasonable likelihood of success. Suggested formats for balance sheet and income statement are provided on pp. 16-18.

The Central Bank may require submission of additional information after review of the business plan originally provided.

B. SUGGESTED FORMAT

1. Identifying Information.

- (a) **Name and location.** Provide the name and location of the proposed society including the location/s of any branches.
- (b) **Corporate structure.** Provide a diagram of the institution's corporate structure including any parent company, subsidiaries, or affiliated entities.
- (c) **Origin and basis.** Briefly discuss how the organizing group came together and the reasons for wanting to start a society.

2. Market Analysis.

- (a) **Market.** Identify the market/s to be served by the proposed society.
- (b) **Economy.** Describe the economic characteristics of the target market/. Include any anticipated changes in the economy or market, factors influencing such changes, and probable positive or negative impact on the society.

3. Business Strategy and Objectives.

- (a) **Strategy.** Briefly describe the vision, mission, business strategy and objectives of the proposed society. For strategy and objectives, indicate goals that are specific and measurable.
- (b) **Services.** Briefly describe the services to be offered by the propose society? (check all that apply)

(c) **Assumptions.** List the major assumptions upon which projections are based. Include, at a minimum: market growth rates, competition, interest rates, cost of funds, overhead, asset-liability mix, returns on assets and equity, dividend pay-out rate.

(d) **Pro forma statements.** Provide pro forma balance sheets and income statements for three years. Show expected asset-liability mixes, volumes of each type of service to be offered, and compensation for management and staff. Adequate provisions for loan losses and annual external audit must also be included.

4. Leadership and Management.

(a) **Officers and compensation.** Provide a list of officers showing the fees, salaries, and all other forms of compensation or benefits to be paid to or for each person.

(b) **Insider agreements.** Describe any agreements for leases or services the proposed society intends to enter into with any of its directors, chief executive, or manager, or with any organization or affiliate controlled by a director, chief executive officer, or manager. Provide copies of any such agreements including specific details of rates and terms and comparative market data upon which the rates and terms are based.
