bofa
Bougainville Offshore Financial Authority

Banking/EMI Institutions

1. Introduction & Purpose of the Handbook

This Banking & Payment Institutions Licensing Handbook is intended to guide applicants through the licensing, authorization, and ongoing compliance process for regulated banking and payment-related activities under the Bougainville Offshore Financial Authority (BOFA) ("the Regulator").

This handbook is designed for:

- Commercial banks
- Digital banks
- Payment service providers
- Electronic Money Institutions (EMIs)
- Fintech companies and financial holding entities

It provides a comprehensive framework covering eligibility, licensing classes, application procedures, fee structure, compliance obligations, and enforcement standards.

Licensing under this framework demonstrates a commitment to financial integrity, prudential oversight, consumer protection, and international best practices.

2. Regulatory Scope & License Categories

The Authority issues two distinct license classes:

2.1 Class A License – General Banking

Permits the licensee to conduct:

- Deposit-taking activities
- Lending and credit services
- Payment and settlement services
- Foreign exchange operations

- Ancillary banking services

This license is subject to enhanced prudential, capital, and compliance requirements.

2.2 Class B License – Restricted Banking / EMI

Permits the licensee to conduct:

- Electronic money issuance
- Payment processing and wallet services
- Money transfer and remittance services
- Limited, non-deposit-taking financial services

This license is suitable for fintechs, PSPs, and EMIs and carries proportionate regulatory obligations.

3. Eligibility Criteria

Applicants must satisfy the following conditions:

3.1 Legal Status

- Must be a legally incorporated entity
- Must maintain a registered office and governance structure

3.2 Ownership & Control

- Full disclosure of shareholders, beneficial owners, and controllers
- No disqualified persons or sanctioned entities

3.3 Fit & Proper Requirements

- Directors and key officers must meet integrity, competence, and financial soundness standards
- Subject to background and suitability checks

3.4 Financial Capacity

- Demonstrated capital adequacy
- Sustainable business model and funding sources

4. Licensing Process

Step 1: Application Preparation

- Completion of the official Banking & Payment Institutions Application Form
- Compilation of all required supporting documentation

Step 2: Submission

- Submission of completed application and documents to the Authority

Step 3: Application Fee Payment

- Payment of the non-refundable application fee

Step 4: Regulatory Review

- Legal, financial, and operational review
- Background checks on key persons
- Requests for clarification or additional documents (if required)

Step 5: Approval & License Issuance

- Issuance of conditional or final approval
- Payment of applicable annual license fee
- Grant of operating license

5. Fee Structure

5.1 Application Fee (Non-Refundable)

Fee Type	Amount (USD)
Application Fee	2,000

5.2 Annual License Fees

License Class	Fee
Class A – General Banking	USD 30,000 / year
Class B – Restricted / EMI	USD 23,000 / year

6. Late Payment Penalties

Failure to pay annual license fees on time will result in the following penalties:

License Class	Late Payment Penalty
Class A	USD 2,500 per month
Class B	USD 1,800 per month

Continued non-payment may lead to:

- License suspension
- Public notice of non-compliance
- License revocation

7. Required Documentation

Applicants must submit the following:

7.1 Corporate Documents

- Certificate of incorporation
- Certificate of good standing
- Memorandum & Articles (or equivalent)

7.2 Ownership & Governance

- Shareholding and beneficial ownership structure
- Board and management details
- Fit & Proper declarations

7.3 Financial Information

- Audited financial statements (if available)
- Capital adequacy evidence
- 12–36 month financial projections
- Minimum Paid Up Capital: Category A: $250000, Category B: $100000

7.4 Operational & Compliance Framework

- Business plan
- AML / CFT policy
- Risk management framework
- IT, cybersecurity, and data protection policies

8. Ongoing Compliance Obligations

Licensees must:

- Maintain minimum capital requirements
- Submit periodic financial and compliance reports
- Notify the Authority of material changes
- Undergo audits and inspections

9. Enforcement & Regulatory Powers

The Authority reserves the right to:

- Conduct investigations and audits
- Impose fines or penalties
- Suspend or revoke licenses

- Require remedial actions

10. Confidentiality & Data Protection

All applicant and licensee information is treated as confidential and protected under applicable data protection and financial secrecy regulations, except where disclosure is required by law.

11. Applicant Rights & Responsibilities

Rights

- Fair review and due process
- Confidential handling of submissions
- Right to appeal regulatory decisions

Responsibilities

- Accuracy and completeness of information
- Timely fee payments
- Ongoing regulatory cooperation

End of Handbook