

# License Application Guidelines for Engaging in Consumer Microfinance Activity

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البنك المركزي السعودي  
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## **I: Introduction:**

The Finance Companies Control Law and the Rules Regulating Consumer Microfinance Companies set forth the provisions regulating the licensing of consumer microfinance activity. SAMA has prepared and published the required licensing forms on its website, which can be viewed through the following link: Finance ([sama.gov.sa](http://sama.gov.sa))

## **II: License Application Instructions for Engaging in Consumer Microfinance Activity:**

1. The license application form should not be modified in any way. The license application shall be submitted by the founders or their duly authorized representative/s, with a copy of the authorization letter.
2. The forms and documents listed in the license application shall be submitted in soft copy while the company retains the original documents; and shall provide SAMA with these documents upon request.
3. The terms and phrases mentioned in the license application form shall have the meanings stated in the Finance Companies Control Law and its Implementing Regulation, and the Rules Regulating Consumer Microfinance Companies. The term (Applicant) shall mean the founders or shareholders of the company applying to obtain SAMA's approval to complete the incorporation procedures and obtain a license to practice consumer microfinance activity.
4. The Applicant shall ensure that the information provided in the license application is valid, accurate, comprehensive, and complete. Providing SAMA with false information or omitting material information that should have been disclosed for licensing purposes shall be deemed a violation of the Finance Companies Control Law, specifically Article 7 thereof, and may lead to the rejection of the license application or cancellation of the license.



5. The license application and inquiries regarding license applications can be submitted via the following E-mail ([LICFCC@SAMA.GOV.SA](mailto:LICFCC@SAMA.GOV.SA)).

### **III: Required Documents:**

The forms and documents listed in the checklist in the license application form shall be submitted in soft copy via the E-mail provided in Section II above. SAMA shall be provided with the original documents upon request.

### **IV: The documents required to be attached to the license application:**

1. License application letter for practicing consumer microfinance activity.
2. SAMA license application [form](#) after completing all sections outlined in the form.
3. A copy of the [Articles of Association](#) of the Company in accordance with the form approved by SAMA.
4. A list of the founding members or shareholders/partners, containing the shares and percentages each founding member or shareholder/partner owns in the company.
5. A description of the organizational structure, including all departments and necessary functions, and the mandates of each of them.
6. The economic feasibility study and the business plan per the details specified in the license application.
7. SAMA's Fit and Proper [Form](#) for each founding member after being completed and signed by the founding member, and approved by the person authorized to submit the license application.



8. In the event where a founding member is an entity, a Fit and Proper Form shall be submitted for every (natural or legal) person owning 5% or more of this entity.
9. SAMA's Fit and Proper [Form](#) for each candidate for a board membership and its sub-committees after being completed and signed by the candidate, and after being approved by the person authorized to submit the license application.
10. An irrevocable [bank guarantee](#) for an amount equivalent to the minimum capital for the activity to be licensed, issued in favor of SAMA by a local bank, and automatically renewed until the capital is paid in full.
11. Notwithstanding Paragraph 10 of this Section, the bank guarantee provided to companies practicing the activity only through financial technology shall be equivalent to 20% of the minimum capital of the activity to be licensed, provided that the minimum capital is paid prior to obtaining the final license.
12. Draft agreements and contracts proposed with third parties, especially agreements and contracts with relevant parties and external service providers.

## **V: Licensing Procedures:**

1. The Applicant shall complete the license application as described in sections III and IV above, and submit the application to SAMA along with all the attachments listed in the license application form's checklist.
2. SAMA shall notify the Applicant, in writing, of the completion of their application upon fulfilling all the requirements set in the Finance Company Control Law, and the Rules Regulating Consumer Microfinance Companies.
3. Upon completion of the application, SAMA shall notify the Applicant, in writing, of its initial approval or reasoned rejection within 60 business days. SAMA's initial approval shall not be considered a license or permission to practice the activity.



4. The application shall be referred to the Ministry of Commerce to finalize the procedures for establishing and registering the company in accordance with the Companies Law. The company shall provide SAMA (within six months from the initial approval date) with a copy of the company's commercial register and Articles of Association after its establishment, in addition to a proof of a full payment of the capital and any additional initial funding indicated in the business plan, and a proof that all necessary steps to start practicing the activity, such as recruiting human resources and procuring systems and necessary equipment, have been taken.
5. The company shall provide SAMA with proof that it has obtained the Legal Entity Identifier (LEI) from the Saudi Operating Unit accredited by the Global Legal Entity Identifier Foundation (GLEIF).
6. SAMA's staff shall visit the company's premises and meet with its executives, and review the laws, procedures, and records to verify that the regulatory requirements are met and that the company is ready to practice the activity.
7. SAMA shall issue a decision granting the license after the company has satisfied the requirements set in Paragraphs 4 and 5 of this Section.