



CENTRAL BANK OF SOLOMON ISLANDS
Financial System Regulations Department

Guideline on Licensing of Banking Institutions

Applicability

1. This Guideline applies to all domestic and foreign entities seeking to establish a banking institution in the Solomon Islands.

Purpose

2. This Guideline aims to (i) ensure applicants are prepared or meet statutory requirements and prudential standards, and (ii) promote transparency, fairness, and accountability when applying for banking licence.

Licensing Requirements

3. This Guideline outlines the requirements for licensing banking institutions in Solomon Islands by the Central Bank of Solomon Islands (CBSI). It is designed to ensure that licensing decisions promote a safe, sound, and stable banking sector, consistent with statutory powers granted under section 5 of the Financial Institutions Act 1998, (as amended) and CBSI prudential standards and guidelines.
4. All applicants seeking to obtain a banking license from the CBSI must comply with the following requirements:

A. Registration Status, Legal Incorporation, and Name Approval

5. To be eligible for a banking license, the applicant must (i) be fully registered with the Registrar of Companies prior to submitting its application for a banking license. Only entities that meet this requirement are eligible to apply for a banking license, and
6. The applicant must obtain prior approval from the CBSI for the use of the word 'bank' and for the proposed name of the financial institution before submitting a licensing application.

B. Pre-Filing Meeting

7. Any prospective applicant seeking to establish a banking business in the Solomon Islands must first request a pre-filing meeting with CBSI prior to lodging a formal application. The pre-filing meeting is advisory in nature. It does not constitute an official assessment or guarantee of approval.

8. The pre-filing meeting is intended to (i) identify any preliminary concerns or issues that may adversely affect the application; (ii) provide guidance on the required structure, content, and supporting documents for the application; and (iii) clarify regulatory expectations and applicable licensing requirements under the FI Act and relevant CBSI prudential standards.
9. The request for a pre-filing meeting must be made in writing and should include (i) the name and contact details of the applicant/promoter; (ii) a brief description of the proposed banking operations; (iii) the proposed name of the institution; and (iv) any initial corporate or ownership information available.
10. Upon the receipt of the request, CBSI will schedule a meeting and may request additional preliminary information to support the discussion.

C. Submitting an Application for a Banking Licence

11. A person intending to engage in banking business in the Solomon Islands must submit a written application to the Governor of CBSI using the prescribed format provided in Annexure I: Licence Application Letter.
12. Application must be accompanied by the non-refundable application fee of USD 15,000 as outlined in CBSI Public Notice No. 02/2016 on Fees and Charges (available on the CBSI website).
13. All documents and information submitted must be complete, accurate, and truthful. Misrepresentation will result in penalties and/or disqualification. As guide, some of the documents applicants should provide are provided under Annexure II of this Guideline.

D. Economic Contribution

14. The CBSI shall evaluate the potential contribution of the applicant to the national economy. The following areas will be considered in the assessment:
 - (i) The applicant must clearly identify and define its intended target market, including the demographics and geographic areas to be served;
 - (ii) The application should demonstrate the potential to create meaningful employment opportunities, with an emphasis on the recruitment and development of local talent;
 - (iii) Applicants are expected to outline how their operations will support the extension of credit to productive sectors such as agriculture, fisheries, small and medium enterprises (SMEs), and other underserved areas critical to national development;
 - (iv) Proposals must highlight strategies that promote access to financial services for all segments of the population, especially the unbanked and underbanked, through inclusive and innovative financial products and delivery channels;
 - (v) The institution must demonstrate how its entry will strengthen the resilience, efficiency, and competitiveness of the national financial system, while adhering to sound risk management and governance practices.

E. Business Plan and Viability

15. Applicants are required to submit a detailed four-year business plan and operational model that clearly outlines the applicant's strategic direction. The plan must include (i)

clear goals and milestones aligned with the applicant's mission and market position; (ii) a functional and governance structure that supports effective operations and oversight; (iii) a catalogue of financial products and services to be offered (iv), forecasted income statements, balance sheets, and cash flows for a minimum period of four years, and (vi) a robust assessment of the market environment, competition, and demand, including key assumptions.

16. The applicant's business model must demonstrate long-term viability. There should be evidence that the applicant can operate profitably within a reasonable timeframe; there is sufficient initial and ongoing capital to support planned activities and absorb potential losses, sound governance arrangements and comprehensive risk management frameworks to safeguard institutional stability.
17. All proposed banking activities, including the introduction of new products, services, and delivery channels must receive prior written approval from CBSI before they are launched or operationalized. This ensures alignment with regulatory requirements and supervisory expectations.

E. Shareholding Structure

18. The applicant's ownership structure should be sufficiently diversified to prevent excessive concentration that may compromise governance or institutional stability.
19. Applicant must submit the list of Shareholders and their respective ownership shares.

F. Governance and Fit & Proper Criteria

20. Applicants must prepare or demonstrate a clear commitment to sound governance practices in accordance with CBSI Prudential Standard No. 1 – Governance. In this, the application must outline the institution's intended governance structure, including the composition, roles, and responsibilities of the board and senior management. There should be strong evidence of alignment with CBSI's expectations for accountability, oversight, and ethical conduct.
21. All individuals proposed for appointment to key positions, including board members, senior executives, and other senior management positions must satisfy the fit and proper criteria as defined in CBSI Prudential Guideline PG15. The criteria must include the individual's integrity, competence, experience, qualifications, and financial soundness. Furthermore, for each proposed individual a completed Fit and Proper Declaration Forms must be submitted.
22. The CBSI reserves the right to engage in consultations with domestic and international regulatory authorities to verify and assess the fitness and propriety of individuals nominated for key roles. such consultations may include background checks, reference verifications, and information.

G. Financial Capacity

23. Applicant must demonstrate the financial capacity to support stable and sustainable banking operations.

24. The applicant shall provide evidence of the ability to (i) maintain sufficient capital to meet regulatory requirements, including a minimum paid-up capital or assigned capital of SBD 5 million for subsidiary institution or branch operation, (ii) ensure adequate liquidity management systems are in place to meet obligations as they fall due and to support daily operations, (iii) establish a viable business model capable of producing consistent and sustainable profits over the medium to long term, (iv) Maintain responsible borrowing practices to ensure that liabilities remain at prudent levels relative to capital and earnings.
25. The applicant must demonstrate the financial ability to fund operational needs and absorb unexpected losses or contingencies without compromising solvency.

H. Systems and Controls

26. Applicants must establish and maintain robust internal control systems that support safe, sound, and compliant operations.
27. The applicant shall describe and confirm implementation of accounting and core banking systems that are compatible with the CBSI National Payment System (SOLATS) and capable of generating timely and accurate regulatory reports as required by CBSI.
28. The applicant shall adopt a board-approved risk management framework that is aligned with the requirements set out in CBSI Prudential Standard No. 2 (PS 2) on Risk Management. This framework must adequately address credit, market, operational, and other key risks.

I. Capital Adequacy

29. The applicant shall maintain capital adequacy ratios: a minimum Tier 1 Capital Ratio of 7.5%; and a minimum Total Capital Ratio of 15%.
30. These ratios must be continuously observed to ensure the institution's financial soundness and resilience against potential risks.

J. Additional Requirements for Foreign Applicants

31. In addition to the general licensing requirements, foreign applicants must demonstrate that it has (i) a well-established and credible international presence, supported by a history of sound financial and ethical performance; (ii) its ownership structure reasonably spread to mitigate governance and concentration risks; (iii) it will full comply with all relevant regulatory and supervisory requirements in its country of origin.
32. The applicant must provide a formal written "no objection" statement must be submitted by the applicant's home supervisory authority, permitting the establishment of operations in Solomon Islands.

33. The applicant must provide a written commitment from the parent institution to offer ongoing financial support, technical assistance, and capacity-building programs, including the training and development of local staff.

K. Compliance and Penalties

34. Applicants are reminded that providing false or misleading information during the licensing process constitutes a serious offence under the FI Act (FIA). The CBSI shall impose (i) a fine of up to SBD 150,000; or (ii) imprisonment for a term of up to three (3) years; or (iii) both fine and imprisonment, depending on the severity and intent of the offence as outlined in section 5 (1) (4) of the Financial Institutions Act 1998 (as amended) (available on the CBSI Website).
35. These penalties apply to individuals and entities found to have knowingly submitted inaccurate, falsified, or deceptive information.
36. The CBSI retains the full right to verify the accuracy and authenticity of all information submitted as part of the licensing application; and conduct background checks and investigations as deemed necessary to ensure compliance and safeguard the integrity of the licensing process. Applicants must cooperate fully with all verification activities and provide access to relevant records upon request.

L. Annual License Fee

37. Upon successful approval of a banking license application, the applicant shall be required to pay the annual licensing fee of SBD 10,000 in accordance with CBSI regulatory requirements as outline as outlined in CBSI Public Notice No. 02/2016 on Fees and Charges (available on the CBSI website). The licensing fee must be paid in full to the CBSI prior to the formal issuance of the banking license by the CBSI.
38. Failure to remit the licensing fee within the specified timeframe may result in delays or revocation of the licensing approval.

References

39. All applicants shall ensure that their banking license applications are prepared and submitted in accordance with the FI Act and CBSI Prudential Standards (the frameworks). These frameworks form the basis upon which CBSI will assess and evaluate each application.

Effective Date

40. The effective date of this Guideline is 30 June 2025

Issued this 26 day of June 2025



Luke Forau, PhD, Governor
Central Bank of Solomon Islands

Annexure I: Licence Application Letter

The Governor,
Central Bank of Solomon Islands,
P.O. Box 634
Honiara
Solomon Islands

Dear Sir.

RE: Application for a Licence to carry out Banking Business in Solomon Islands

We, the undersigned, hereby apply for a banking licence to establish a bank in Solomon Islands to be known aswith principal place of business at

The proposed institution shall have an authorized share capital¹ of SBD..... and paid up capital² of SBD..... which shall be contributed by the following subscribers:

Name of Subscriber	Number	Amount	Amount Paid Up	Percentage of Ownership

or

An assigned capital of SBD.....

We jointly and severally make a firm commitment to deposit a total amount of paid-up or assigned capital for the proposed institution with any bank or financial institution registered in Solomon Islands or the Central Bank of Solomon Islands (CBSI) not later than thirty days after grant of this application.

In support of this application, we submit herewith all the relevant documents supporting this application. We certify the correctness of all the information indicated in such documents to the best of our knowledge and belief.

¹ The maximum amount of share capital that a company is legally allowed to issue to shareholders, as stated in its corporate charter (Articles of Incorporation or Memorandum of Association).

² The actual amount of money received by the company from shareholders in exchange for shares that have been issued and paid for.

We hereby authorize the CBSI and any of its staff members to make an enquiry or obtain any information from any source for the purpose of determining the correctness of all the representations made in connection with this application or of assessing its merits.

To facilitate communication between us and the CBSI, we have authorized

Mr/Mrs..... of the following address:

P.O Box

Telephone number.....

Email address.....

Fax number

to represent all of us in regard to this application. It is understood that any notice to him/her shall constitute sufficient notice to all of us.

Enclosed is a proof of EFT made for USD..... being payment of our application fee.

Yours faithfully,

1.....
2.....
3.....

Annexure II: Minimum Required Documentation

Governance and Board Membership

Focus Area	Documents to be submitted
1. Board Composition	A formal declaration of number of members and their membership type
2. Chairperson's Role	A copy of chairperson's role and responsibilities
3. Fit and Proper Requirements	Duly completed Fit and Proper Declaration Forms for each proposed board member A certified copy of the Board Resolution confirming the appointment of directors;
4. Independence of Non-Executive Directors	Declarations of independence status and proposed director's citizenship
5. Competence and Qualifications	Certificates of qualifications Individual Curriculum Vitae (CV) for all nominated directors
6. Committee Assignments	Written confirmation of Board Committee assignments

Character and Experience of Senior Management

Focus Area	Documents to be submitted
1. Technical & Professional Competence	Detailed Curriculum Vitae (CV) including employment history, qualifications, and references
2. Qualifications & Reputation	Certified copies of academic and professional qualifications
3. Character & Integrity	Completed Fit and Proper Declaration Forms for each proposed senior officer or director Police clearance certificates and statements of good standing from relevant regulators (if applicable)
4. Collective Competency	Organisational structure and reporting lines highlighting roles of proposed individuals Board resolution(s) confirming appointments
5. Internal Fit and Proper	Internal Fit and Proper Policy Document, outlining procedures for screening and ongoing assessment of responsible persons
6. Interview & Background Verification	Evidence of due diligence or background checks conducted by the institution (if any) Written consent forms authorising CBSI to contact current and former regulators and employers

Strategic Plan, Business Plan, and Feasibility Study

Focus Area	Documents to be submitted
1. Strategic Vision and Objectives	Strategic Plan Document - A forward-looking plan covering a minimum of 3 to 5 years, including the institution's mission, vision, corporate values, and long-term strategic objectives. Implementation Timeline and Milestones

	o Timeline showing key stages in operational readiness and strategic rollout.
2. Business Model and Market Positioning	Detailed Business Plan- Breakdown of proposed products and services, target markets, delivery channels, competitive positioning, and branding strategy. Include a proposed organizational structure for the first 3 years of operation.
3. Financial Projections and Assumptions	Financial Projections and Assumptions - Projected balance sheets, income statements, and cash flow statements for the first three (3) years of operations, with all underlying assumptions clearly stated.
4. Feasibility and Market Demand Analysis	Feasibility Study - Independent market research or internal analysis justifying demand, market entry rationale, and viability under domestic conditions.
5. Capital and Funding Strategy	Capital and Funding Plan -Details of initial capital injection, sources of funds, capital adequacy strategy, and liquidity risk management framework.
6. Operational Readiness and Budgeting	Operational Plan and Budget - Staffing plans, technology infrastructure, branch rollout schedules, and cost structures over the projection period.
7. Risk Identification and Mitigation	Risk Assessment and Mitigation Plan
Corresponding Banking Arrangements	Evidence of proposed or potential Correspondent Banking arrangements and/or outline the proposed network of correspondent banking arrangements

Financial Capacity

Focus Area	Documents to be submitted
Regulatory Capital Adequacy	Capital adequacy projections (3-5 years) Pro forma financial statements Stress test results and capital buffer policy
2. Liquidity and Capital Support	Liquidity risk management plan Cash flow projections Letters of financial support (if applicable) Board resolution or shareholder letters of intent/support

3. Prudential Compliance Forecast	Ratio tracking reports over forecast horizon Internal prudential monitoring framework
4. Financial Strength of Affiliates	Audited financial statements of affiliates Group structure chart Disclosure of intra-group exposures Related-party exposure policy and reporting
5. Payment Capacity	Cash flow coverage analysis Operational cash position forecasts Debt maturity profile
6. Funding Strategy	Deposit funding plan Funding mix breakdown Cost of funds projections
7. Foreign Applicant Support & Contingency	Group consolidated audited financials Parental support policies Group liquidity contingency plan

Risk Management and Internal Control System

Focus Area	Documents to be submitted
1. Governance Structure	Board Charter and ToR for Risk Committee Corporate Governance Policy Risk Appetite Statement Minutes of Risk Committee meetings Organizational governance manual
	Business Plan aligned with risk thresholds CVs and appointment letters of directors Declarations of independence Staff and systems profile aligned to risk complexity
Roles and Responsibilities	Risk Management Policy/Framework Job descriptions (CRO, Compliance, IA, BU heads) Organisational chart Role delegation matrices Management accountability statements Internal Audit Charter Compliance Program
Reporting Lines	Reporting structure documentation Board minutes evidencing CRO and control function reports Conflict of interest matrix Escalation procedures and internal reporting guidelines
4. Interviews with Key Personnel	Interview transcripts or summary reports Biographies of key personnel Committee participation records Meeting minutes and documented risk discussions
5. Overall Integration & Consistency	Cross-review of all submitted documents for alignment

Accounting and ICT Systems

Focus Area	Documents to be submitted
System Architecture & Description	Detailed system overview document Network/system architecture diagrams Software and hardware specifications Strategic technology plan ICT investment roadmap
2. CBSI Reporting Capability	System-generated sample reports Reporting format configuration details CBSI compliance statement Internal policies for data validation and reconciliation
3. System Functionality & Control	User manuals Functional specifications Screenshots of control/audit features Internal audit access protocols Test plans/results or UAT logs Proof of system readiness
4. Business Continuity & Security	IT Security Policy Cybersecurity Policy Business Continuity Plan (BCP) Disaster Recovery Plan (DRP) Penetration test reports
5. Outsourcing Arrangements	Outsourcing contracts SLAs and monitoring reports • Contingency plans for service failures Compliance with outsourcing guidelines• Vendor due diligence reports Termination clauses Software and hardware specifications ICT investment roadmap

Ownership Spread



Focus Area	Documents to be submitted
Ownership Structure and Dispersion	Ownership structure chart Narrative on shareholder spread Explanation of any holding company structure
2. Significant Shareholder Identification	List of significant shareholders ($\geq 5\%$) Ultimate beneficial ownership details Shareholding percentages
3. Regulatory Authorization Compliance	Evidence of prior written approval from CBSI (if applicable)
4. Foreign Ownership Compliance	Ownership disclosure of parent/holding company Overseas operational ownership data (for foreign applicants)
Fit and Proper Status of Shareholders	Fit and Proper Declaration Forms Supporting documentation for all listed events Home Address, phone contact and other relevant details
5. Legal and Ethical Integrity Disclosure	Declaration of: criminal convictions, bankruptcy history, disqualifications, and involvement in failed institutions

External And Internal Audit Functions

Focus Area	Documents to be submitted
External Audit Arrangements	Signed engagement letter with external auditor
Internal Audit Arrangements	Internal Audit Charter Internal audit organizational chart Resumes of key internal audit personnel Board/Audit Committee oversight framework

Operations Readiness

Focus Area	Sub-area	Documents to be submitted
Human Resources (Staffing & Structure)	Staffing Levels Number of staff	Staffing plan by function/department Headcount projections (start-up and 3-year outlook)
	2. Senior Management Roles	Detailed job descriptions for all senior positions Qualifications and experience of nominees (CVs) Fit and proper declarations
	3. Organisational Chart	Organizational structure showing lines of authority and reporting
Premises Suitability	4. Geographic and Physical Characteristics	Premises location(s) and ownership/lease details Photos or floor plan (if available) Compliance certificates (if applicable)
	5. Security and Safety Arrangements	Description of physical and IT security systems Surveillance, alarm systems, secure storage Business continuity planning (BCP) for premises