

LEGAL ALERT

ANGOLA

AUTHORISATION FOR THE CREATION OF BANKING INSTITUTIONS

During the past 17 years, the Angolan banking sector has expanded rapidly to become the third-largest sector in sub-Saharan Africa behind South Africa and Nigeria. The number of licensed commercial banks increased from nine in 2003 to 26 in July 2019. Similar to many other spheres of Angolan economy, the banking system is tightly connected with Portugal.

On 3 April 2020, the National Bank of Angola ("BNA") published the [Notice no. 9/2020](#) ("Notice") which provides the requirements and procedures for the authorisation for the creation of banking institutions, including the setting up of affiliates, subsidiaries and representation offices of banking institutions based abroad, revoking all the provisions which contradict the Notice, namely [Notice no. 9/2013](#), of 10 June, which provided the previous framework ("Notice no. 9/2013").

The new framework is more stringent than the previous one, aiming at ensuring the financial stability and good repute of the institutions, as well as safeguarding the Angolan banking system. However, with a large part of the provisions of Notice no. 9/2013 being reiterated. We highlight the following novelties:

1. The creation of affiliates and subsidiaries of banking institutions which (i) have their effective managing office in a foreign country or (ii) are in a control relationship with a foreign entity, which was dependent on the authorisation of the Holder of the Executive

Power pursuant to a favourable opinion of BNA, is now dependent on the authorisation of BNA;

2. A set of general requirements was added to the instruction of the request for the authorisation, notably the description of the type of banking institution to be created and a project of the incorporation agreement; the business plan, with the indication of the kind of operations to be undertaken, geographical implantation, organisation structure and human, technical and material resources to be used, as well as provisional accounts for each of the first three years of activity; and the identification of the founding shareholders, specifying the capital subscribed by each of them, among others;
3. In the case of creation of a subsidiary in Angola, the program of activities, in which, notably, the kind of operations to be undertaken and the structure of the subsidiary's organisation must be indicated is now required, as well as the certificate that such operations are included in the authorisation of the banking institution;
4. The term for the notification of the decision regarding the authorisation for the creation from BNA and the presumption of tacit refusal of the request are no longer provided;
5. The Notice no longer refers to the regime of revocation of the authorisation for the exercise of banking activities in national territory;
6. As for the activities abroad, the beginning thereof is now subject to the result of the audit made to the facilities of the respective banking institution.

The violation of provisions of the Notice are punishable under Law no. 12/2015, of 17 June – Base Law of Banking Institutions.

The Angolan government is implementing a macroeconomic stabilisation programme focused on strengthening fiscal sustainability, reducing inflation, promoting a more flexible exchange rate regime and improving financial sector stability.

Its national development programme includes strengthening financial sector resilience, recapitalising weak banks, and restructuring the largest state-owned bank. It plans to privatise most of the 195 state-owned companies or companies in which the state participates by 2020. It is hoped

that the restructuring and privatisation of state-owned banks will increase competition among the commercial banks.

Claudia Santos Cruz [+info]
Un I Wong [+info]
António Magalhães Ramalho [+info]

This publication is purely informational and is not meant to be a source of legal advice, nor does it contain a comprehensive review of all aspects of the law and practice referred to. The information contained herein refers to the date of first publication, readers being warned to take legal advice before applying it to specific issues or transactions. The contents of this publication may not be copied, disclosed or distributed in whole or in part without prior consent. For more information please contact us at com.pr@mlgts.pt.