



RESERVE BANK OF MALAWI

DIRECTIVE

NO. DO1-2004/CR

SUBMISSION OF CALL REPORTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS

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1. Effective Date

DIRECTIVE NO.DO1-2004/CR

SUBMISSION OF CALL REPORTS BY BANKS AND OTHER FINANCIAL INSTITUTIONS

PART I: PRELIMINARY

Sec. 1: Short Title - Submission of Call Reports

Sec. 2: Authorisation - Sections 18 and 57 of the Banking Act 1989

Sec. 3: Application - All Banks and Other Financial Institutions licensed under the Banking Act of 1989

Sec. 4: Interpretations - In this Directive unless the context otherwise requires:

- 1) “banking business” is as defined in Section 2 of the Banking Act of 1989;
- 2) “call report” means a complete set of returns as outlined in Part III Section 2 of this directive that all reporting institutions must compile and submit to the Reserve Bank of Malawi
- 3) “reporting institutions” are banks and other financial institutions conducting banking business or any portion thereof as defined in Section 2 of the Banking Act of 1989.

PART II: STATEMENT OF POLICY

Sec. 1: Objectives

- 1) To help ensure reporting institutions submit properly completed reports on forms as prescribed by the Reserve Bank of Malawi from time to time;
- 2) To help ensure that reporting institutions submit to the Reserve Bank of Malawi complete sets of call reports on a timely basis;
- 3) To help ensure timely off-site surveillance of all reporting institutions.

Sec. 2: Rationale

- 1) Call reports are used for surveillance of the individual reporting institution and the industry as a whole to ensure safety, soundness and profitable operations of the existing financial institutions;
- 2) Call reports are also used for formulation, implementation and monitoring of monetary and financial policies. In addition, they help in the analysis of domestic and financial developments while also aiding in the development and monitoring of a financial programme;
- 3) Timely submission of call reports assists the supervisory authorities to identify lapses and weaknesses in the operations of reporting institutions upon which corrective measures can be timely taken;
- 4) Timely submission of accurate call reports is an indication of the existence of a well developed accounting function and reliable management information system within the reporting institution;
- 5) Delays in submission of call reports are usually an indication of underlying problems in the reporting financial institution.

PART III: IMPLEMENTATION OF SECTION 18 OF THE BANKING ACT OF 1989

Sec. 1: Preparation of Call Reports

All reporting institutions shall compile call reports in a manner as guided by the manual titled “Instructions for Completion of Condition and Income for Banks and Other Financial Institutions”.

Sec. 2: Submission of Call Reports

All reporting institutions are required to submit call reports, which comprise the following reports:

- a) statement of assets and liabilities (Form RC)
- b) statement of income and expenditure (Form RI)
- c) changes in equity capital (Form RI-A)

- d) write-offs and recoveries on loans and leases, and changes in the allowance for loan lease losses (Form RI-B)
 - i) summary of write-offs, recoveries and provisions
 - ii) specific provisions
 - iii) general provisions
 - iv) interest in suspense
- e) specification of other liabilities (Form) RC-A)
- f) specification of other assets (RC-B)
- g) off-balance sheet items (Form RC-C)
- h) overdue and non-accrual loans, leases and other assets (Form RC-D)
- i) non-performing credit facilities (loans and advances (Form RC-E)
- j) memoranda (Form RC-F)
- k) ratio calculations (Form RC-G) comprising
 - i) capital adequacy
 - ii) liquidity ratio
 - iii) interest rate sensitivity
- l) details of deposits, bills and borrowed funds by sector (Form RC-H)
- m) frauds, forgeries and losses (Form RC-I)

Sec. 3: Frequency of Reporting

- 1) All reporting institutions are required to submit the following reports every calendar month:
 - (a) statement of assets and liabilities (Form RC)
 - (b) specification of other liabilities (Form RC-A)
 - (c) specification of other assets (RC-B)
 - (d) details of deposits, bills and borrowers funds by sector (Form RC-H)
- 2) All reporting institutions are required to submit a complete set of the call report, as defined in Section 2 above, every calendar quarter.

Sec. 4: Endorsement

Before submitting a call report, each report, as defined in Section 2, shall be endorsed by the Chief Executive Officer and Financial Controller of the reporting institution certifying the authenticity of the figures therein.

Sec. 5: Deadline for Submitting Call Reports

- 1) All monthly reports must be received by Reserve Bank of Malawi **within 15 working days after the last day of every month.**
- 2) All quarterly reports must be received by Reserve Bank of Malawi **within 20 working days after the last day of the quarter being reported upon.**
- 3) Where the Reserve Bank of Malawi determines that monthly or quarterly reports so submitted have deliberate errors and that corrected reports are not resubmitted within the stipulated deadlines, the reporting institution concerned shall be deemed to have missed the deadlines.

Sec. 6: Penalties for Late Submission of Call Reports

- 1) Failure to meet the deadlines as stipulated in Section 5 above shall attract a penalty of K50,000 for the default and K10,000 for each subsequent day that the reporting institution remains in default.
- 2) All penalties charged under Sub Section 1 above shall be automatically recovered from the reporting institution concerned by debiting the main account maintained with the Reserve Bank of Malawi.
- 3) Where an institution does not maintain an account with the Reserve Bank of Malawi, the Chief Executive Officer of the reporting institution concerned shall be notified of the penalty and requested to make good of the charge within three days.

PART IV: REMEDIAL MEASURES AND ADMINISTRATIVE SANCTIONS

Sec. 1: Remedial Measures

If the Reserve Bank determines that a reporting institution is not in compliance with this directive and that there is an inherent or deliberate tendency of non-compliance: -

- 1) Remedial measures as provided under Section 31 of the Banking Act 1989 may be pursued.

Sec. 2: Administrative Sanctions

In the event of continued violation of this Directive, the Reserve Bank of Malawi may, in addition to the remedial measures available for use as provided in Section 1 above, impose any or all of the following administrative sanctions upon a reporting institution or its board of directors and managing executive officers for non-compliance with this Directive:

- 1) Suspension of lending, investment and credit extension operations;
- 2) Suspension of access to Reserve Bank of Malawi credit facilities;
- 3) Prohibition from the establishment of new branches and/or expansion into new banking or financial activities;
- 4) Prohibition from accepting further deposit liabilities;
- 5) Prohibition from declaring and/or paying bonuses, salary incentives, severance packages, management fees, or other discretionary compensation schemes to directors or managing officers;
- 6) Prohibition from acquiring additional fixed assets;
- 7) Prohibition from declaring and/or paying dividends.

PART V: EFFECTIVE DATE

Sec 1: Effective Date

The effective date of this directive shall be 1st February 2004.

Questions relating to this Directive should be addressed to the Director, Bank Supervision Department of the Reserve Bank of Malawi.

Dr E E Ngalande
GOVERNOR