

REPUBLIC OF KIRIBATI  
(No. 7 of 2019)

I assent,

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Beretitenti  
2019

**An Act  
entitled**

**AN ACT TO AMEND THE VILLAGE BANK ACT 1998**

Commencement:  
2019

**1. Short Title**

This Act may be cited as the *Village Bank (Amendment) Act 2019*.

**2. Meaning of ‘principal Act’**

In this Act the Principal Act means the *Village Bank Act 1998*

**3. Amendment of section 2**

Section 2 is amended as follows:-

(a) by inserting a new definition before ‘Bank’ as follows-

“Auditor General” means the Auditor General appointed in accordance with section 100(2) of the Constitution.

(b) by inserting a new definition immediately after ‘Certificate of Incorporation’ as follows-

“Internal Auditors” as provided in section 8;

(c) by inserting a new definition immediately after ‘Member’ as follows-

“Minister” means the Minister responsible for the administration of this Act;

“Ministry” means the Ministry responsible for the administration of this Act;

**4. Amendment of section 4**

Section 4 is repealed and substituting the following;

“There must be a Registrar of Banks appointed by the Minister from among the staff of the Ministry”.

**5. Amendment of section 5**

Section 5 is repealed and substituting the following;

“The Registrar may in writing delegate to any public officer within the Ministry any of his or her functions and powers under this Act”.

**6. Insertion of section 5A**

A new section 5A is inserted immediately after section 5 as follows;-

“5A. Functions and powers of Registrar

(1) The functions of the Registrar are as follows;

- (a) to promote and monitor compliance with this Act, and with any orders, regulations or collective agreements made under this Act; and
- (b) to provide information, advice, awareness to the public on matters related to compliance with this Act, regulations or collective agreement made under this Act.

(2) The Registrar or any person authorized by him or her may, for the purpose of ascertaining whether a Bank or any officer of a Bank is complying or has complied with this Act, or of ascertaining whether the Registrar should exercise any of his rights or powers under this Act, or of detecting offences against this Act;

- (a) require a Bank or any officer of a Bank to produce for inspection any registers, records, accounts, books, or papers that are kept by the Bank;
- (b) inspect and make records of any such registers, records, accounts, books, or papers; and
- (c) for the purposes of making records thereof, take possession of and remove from the premises where they are kept, for such period of time as is reasonable in the circumstances, any such registers, records, accounts, books or papers.

(3) A person who has made an inspection under subsection (2) shall give, divulge, or communicate any records or information that he has acquired in the course of the inspection to the Registrar, the Minister and the person authorized by the Registrar to receive such records or information.

- (4) Any officer of the Bank who refuses or fails to produce for inspection to the Registrar, or to any person authorized by the Registrar for the purposes of subsection (2) any documents, that officer or person commits an offence and shall be liable on conviction to a fine not exceeding \$150”.

#### **7. Amendment of section 27**

Section 27 is amended by repealing subsection 3 and substituting the following:

“A Bank which fails or refuses to comply with the Notice in accordance with subsection (2) commits an offence and shall be liable on conviction to a fine not exceeding \$150 and the Bank shall be ordered to cease such activity”.

#### **8. Amendment of Part VIII**

Part VIII is amended as follows:-

- (a) by deleting the word ‘Records’ on the title and substituting the word “Audit”, and shall read as follows:

“ACCOUNTS AND AUDIT”

- (b) by repealing section 34 and substituting the following subsections:

“34(1) The Bank shall keep full and proper accounts and other records in respect of its operations and transactions.

34(2) The Bank shall cause a statement of accounts to be prepared not later than the 31<sup>st</sup> day of March each year.

34(3) The accounts of the Bank shall be audited annually by the Internal Auditors of the Ministry.

34(4) The report of the Internal Auditors shall be sent to the Auditor General for their review and further auditing in accordance with the *Kiribati Audit Act 2017*.

34(5) The Auditor General may carry out his duties at all reasonable times without hindrance and in accordance with the *Kiribati Audit Act 2017*.

34(6) The Auditor General shall report to the Minister the results of the inspections and audit carried out under subsection 3 and 4.

34(7) Any person who willfully hindered or obstruct the Registrar or any public officer authorized by him in carrying out his purpose under this Act, commits an offence and shall be liable on conviction for a fine of \$500 and to imprisonment for 6 months.

34(8) Any officer of the Bank misapplied improperly use any Bank money, property and asset, commits an offence and shall be dealt with according to the provisions of the Penal Code and other relevant laws.

**9. Amendment of section 35**

Section 35 is amended in subsection 3 by deleting the words ‘not exceeding \$10 for every day during which the default continues’ and substituting the words “of \$500”.

**THE VILLAGE BANK (AMENDMENT) ACT 2019**  
**EXPLANATORY MEMORANDUM**

This Act amends the Village Bank Act 1998, (hereinafter, the Principal Act), the amendments seek to address the issues as most banks are poorly operated and most of them are inactive, due to lack of monitoring and management. It is considered timely to amend the Principal Act in an effort to address the given issues that have emerged as well as to keep abreast with the development that have taken place over the 20 years since the principal Act has been in force.

The principal objective of this Act is to ensure that Village Banks are monitored, audited, inspected, and reported annually to the Registrar on the status of the Bank. It also provides and increases fines when the Bank failed to comply with this Act.

Section 2 amends section 2 of the Principal Act by including the new definitions of Auditor General, Internal Auditors, Minister, and Ministry.

Section 4 of the Principal Act is amended to ensure that the Registrar appointed by the Minister from among the staff of the Ministry.

Section 5 amends section 5 of the Principal Act to confine the Registrar's powers of delegation to any public officers within the Ministry.

A new section 5A is inserted after section 5 to outline functions and powers of the Registrar. The understanding is the delegation in Section 5 will be controlled and limited. It also includes penalties to a person or any officer of a Bank when they fail to comply with this section.

Section 7 amends section 27 by repealing subsection (3) to avoid ambiguities and confusion. It also provides a fix fine and a term of imprisonment for the failure to comply with this section.

In Section 8 of the amendment amends Part VIII by changing the title to Audit and Records. It also insert new sections 34(1) – (8) to provide for the internal auditors to audit every Bank account and other properties without hindrance, and to report to the Auditor General for their further auditing. It also provides penalties to any person and any officer of the Bank when fails to comply with the Act.

Section 35 of the Principal Act is amended to fix the fine to \$500 to ensure that a Bank is strictly complied with this section.

**Hon. Kobebe Taitai**  
Minister of Internal Affairs

**LEGAL REPORT**

I hereby certify that in my opinion none of the provisions of the above Act are in conflict with the Constitution and that The Beretitenti may properly assent to the Act.

Tetiro Maate Semilota  
Attorney General

**CERTIFICATE OF THE CLERK OF THE MANEABA NI  
MAUNGATABU**

This printed impression of the Village Bank (Amendment) Act 2019 has been carefully examined by me with the Bill which passed the Maneaba ni Maungatabu on the 2<sup>nd</sup> September 2019 and is found by me to be a true and correctly printed copy of the said Bill.

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**Eni Tekanene**  
**Clerk of the Maneaba ni Maungatabu**

Published by exhibition at the Maneaba ni Maungatabu this ..... day  
of ..... 2019.

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**Eni Tekanene**  
**Clerk of the Maneaba ni Maungatabu**