



**EUROMONEY
GHANA/WEST AFRICAN CONFERENCE**

BUILDING A DIGITAL BUSINESS AND FINANCIAL ECOSYSTEM

**OPENING KEYNOTE ADDRESS BY
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**KEMPINSKI HOTEL, ACCRA
SEPTEMBER 25, 2018**



Your Excellency, Vice President of the Republic of Ghana –
Alhaji Dr. Mahamudu Bawumia,
Deputy Governors of the Bank of Ghana,
Honourable Ministers of State and Members of Parliament,
The Senior External Adviser, Euromoney Conference,
Representatives of MasterCard Foundation,
Stakeholders in the Digital Finance Sector,
Distinguished Guests,
Ladies and Gentlemen, all protocols observed.

- 1.** Good morning and it is a pleasure to participate in this Euromoney Ghana/West Africa Conference on building a digital business and financial ecosystem. Before proceeding, let me thank Euromoney for choosing Accra as the host city for this conference and also for providing such a unique platform for industry experts, regulators, and policymakers to deliberate on digitization of business and the financial ecosystem. I believe these deliberations would facilitate and enhance the pursuit of financial inclusion by countries across the West African sub-region.
- 2.** Ladies and Gentlemen, a decade ago the importance and criticality of payment systems was only heard and understood exclusively within banking circles. Payment



services were entirely a space dominated by banks. Customers of banks wrote cheques that were issued by banks and deposited into accounts held by banks. Banks settled payments among themselves through a clearing arrangement. Overtime images of cheques facilitated clearing; Even as electronic payment developed, debit and credit cards were initially issued by banks. Today, this has changed considerably and the payment systems space has grown to include many non-bank actors, including telecommunication companies and financial technology firms. Financial digitization has unleashed a wave of financial products and services at minimum cost to meet current business demands for financial services. Digitisation brings many benefits and can help scale up access to financial services through mobile phones, POS and access points through an agent network.

- 3.** The consumer-experience with financial services is rapidly transforming on several fronts. For instance, across West Africa, consumer interfaces are gradually moving online and physical notes and coins are being replaced by electronic forms of payment.



4. Ladies and gentlemen, this inaugural Euromoney Conference is taking place at a time that Ghana is emerging as a major player in financial inclusion and digitisation of the banking system in West Africa. The World Bank Global Findex report released in April 2018 revealed that the share of adults owning bank accounts in Ghana increased to 58 percent in 2017 compared with the Sub-Saharan Africa average of 43 percent, and up from 41 percent in 2014 driven mainly by innovations in the digital finance space.

5. More recently, Ghana's payment system has witnessed significant changes on account of the growing role of Financial Technology Firms (FinTechs) and payment innovations. A recent survey conducted by the Bank shows that there are 71 FinTechs providing both front- and back-end services to Ghana's banking sector. These developments are broadly in line with the country's developmental agenda of formalising economic activities through digitisation to enhance growth prospects.

6. To further drive the transformation of financial systems, partnerships between financial institutions and FinTechs have enhanced the provision of digital payment products in



response to consumer demand. The development can also be attributed to the on-going efforts by the Bank to promote digital payments as an alternative to cash transactions with emphasis on speed, convenience and efficiency.

- 7.** Digitisation affects the way financial markets operate. Financial Market infrastructure including securities and settlement systems, trade repositories, card payment networks, clearing and settlement of funds involves many players such as gateways processors, payment aggregators and merchants that are not subject to licensing by Central Banks. The central Banks must have a clear vision on the framework that will drive the process including the setting up of infrastructure that could reach a wider segment including the rural areas. The framework must also be interoperable and ensure competition among the operators. It must also include an appropriate financial consumer protection framework to engender public confidence. Regulators are therefore challenged to define their role in a constantly evolving dynamic environment.

- 8.** In response to that, the Bank has recently reviewed, amended, and consolidated the existing payment systems



regulatory framework. The new draft Payment Systems and Services Bill 2017, which has been approved by Cabinet and being prepared for consideration by Parliament unifies previous laws and guidelines relating to payment services and e-money operations and sets the norms and standards and regularize actors in the payment system space.

9. Broadly, the new Bill is expected to open up Ghana's digital finance space to promote financial inclusion and help reduce poverty. Among others, the new Bill seeks to promote innovation in the design of payment products and services, provide guidelines to FinTech operations and engender competition in the e-money business. The Bill has also been expanded to include provisions for cyber security regulations and strict adherence to ICT standards and payment service providers to the Data Protection Act 2012 (Act 843) would be required of all market players.

10. Currently in Ghana, the range of payment service providers has expanded to include mobile money operators and FinTechs. These agencies work closely with the major financial institutions to develop innovative and affordable products for unbanked customers. The various products and



services on offer include online payment platforms, Unstructured Supplementary Service Data (USSD) services, mobile banking services, Quick Response (QR) codes, money transfer services, deployment of Point of Sale (POS) devices, transfers of inward remittances into mobile wallets and agency banking.

11. An important channel for delivering financial services to the underserved segments of the population at an affordable cost is through the agent network which has grown by some 297 percent since 2015. To further deepen activities of the agent network,

- The Bank is developing a **digital Agent Registry** in collaboration with the financial services industry to enhance the identification and oversight of these agents. The new registry will interconnect with Ghana's digital address system to provide unique identification for agents and facilitate real-time monitoring and tracking of agents. Furthermore, the Registry will facilitate customers' access to a preferred agent point by mapping agent locations



and also inform stakeholders if agents violate regulatory and prudential requirements.

- The Bank also promoted the **payment of interest on e-money float balances** held by banks to further scale up mobile money service usage and promote financial inclusion.
- The Bank in collaboration with stakeholders has also prepared **Cyber Security Regulations** for the financial sector which will be launched next month to address cyber security challenges in a digital financial landscape.

12. As part of the Bank's policy to transform the financial ecosystem, the first phase of **mobile money interoperability project** was implemented in May 2018. Under the project, disparate mobile money platforms were linked through the central switch to facilitate funds transfer across mobile money networks. The integration with interbank payment systems infrastructure is expected to create an integrated and interoperable digital retail payments ecosystem which will facilitate seamless funds



transfer across payment systems to promote financial inclusion.

13. These developments in the Ghanaian payments system landscape have not only increased security, affordability, convenience and efficiency in digital financial services, but have also worked to promote financial inclusion among the country's financially underserved populations.

14. Ladies and gentlemen, building a digital business and financial ecosystem requires a strong and resilient financial sector. It is against this background that the Bank has, in recent times, instituted several policy measures including the new capital requirement regime, introduction of new corporate governance guidelines, fit and proper test directives as well as transitioning to Basel II and III regulatory framework to foster an enduring financial sector which supports the country's economic growth agenda.

15. In concluding, let me say that building a digital business and financial ecosystem requires a robust financial sector. To keep pace with innovation therefore, the Bank of Ghana will continue to strengthen the oversight and regulatory regime



to support developments in the payment and settlement systems. This would ensure safety, reliability, efficiency and confidence in digital financial transactions to support the growth agenda of the government.

16. Thank you.