

## **Abdul-Nashiru Issahaku: Developing Ghana's banking system**

Speech by Dr Abdul-Nashiru Issahaku, Governor of the Bank of Ghana, at the inauguration of the Sunyani regional office building, Sunyani, 30 June 2016.

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Board of Directors of Bank of Ghana

Representatives of Banks in the Brong-Ahafo Region

Representatives of Security Agencies in the Brong -Ahafo Region

Heads of Departments

Regional Managers

My cherished members of staff

Distinguished ladies and gentlemen

Good morning

I am delighted to welcome you all to the inauguration of our new Sunyani Regional Office building. Let me sincerely thank the Chiefs and people of Sunyani, in fact, the Brong Ahafo Region for making the land available to us. This is a clear indication of the support and collaboration between the Bank and the Chiefs.

And let me also take this opportunity to thank the immediate past Governor of the Bank of Ghana Dr. Henry Kofi Wampah for spearheading this project and seeing to its completion.

As we may all be aware, prior to the construction of this ultra-modern office complex, the Sunyani Regional Office had operated from the second floor of a building whose lower floors were occupied by GCB Bank. The regulator sharing office with the client is not ethically sound and exposes the Bank to familiarity threats.

In addition, the former Office did not have a banknote processing capacity and depended on the Kumasi Regional Office for the processing of its deposits as well as fit-sorting banknotes for re-issuance to banks and other financial institutions in its catchment area.

We have been under pressure and in a hurry to catch up and provide the facilities necessary to deliver the required services in the region and make a difference. The inauguration of this magnificent Sunyani Regional Office with adequate space for a banking hall to be serviced by four tellers, an office space for Cheque Codeline Clearing supported by a back office to serve customers, and fully equipped offices, is one of the eloquent testimonies to show that the Bank of Ghana is living up to expectations for posterity in this region and the country as a whole.

Beyond providing this beautiful edifice to reduce the stress in relation to inadequate office accommodation for workers, we have also made provision for a Cash Processing Centre which is yet to have the full complement of machines. A state of the art electronic security and fire- fighting systems have been installed to ensure maximum security, and staff welfare has also been catered for by providing a canteen and gymnasium.

Mr. Chairman, ladies and gentlemen, the story of this beautiful edifice started about twenty years ago when the Bank acquired the current location for an office. There were some hitches that caused delays in the implementation process as contracts had to be terminated and re-awarded a couple of times before Messrs Micheletti and Company Limited finally brought the project successfully to an end in December 2015.

Ladies and gentlemen, after this inauguration, the Sunyani Regional Office would also operate as a Cash Processing Centre. To this end, arrangements are underway to provide the Regional Office with banknote processing capacity to enable it do fitness-sort deposits of the Deposit Money Banks in the catchment area of the Office. Therefore, when the Office becomes fully operational, it would augment the services of Kumasi Office in churning out clean banknotes, devoid of counterfeits, to citizens in the northern sector of the country.

Ladies and Gentlemen, while seeking to manage cash efficiently to protect its integrity and engender confidence in its use, it is important to remind ourselves of large cash holdings outside the formal financial system which continue to exert inflationary pressures on the currency and render the conduct of monetary policy a daunting task. It is hoped that this Regional Office and the enhanced scope of activities, will present yet another opportunity to banks, rural banks, non-bank financial and microfinance institutions to come up with more innovative products to mobilise more idle cash resources in the informal sector into the formal banking system.

Mr. Chairman, the mandate of the Bank of Ghana includes promoting the safety and soundness of the payments system, which also comprises the Electronic Money (e-money) Platform, and consequently enhancing users' confidence in its usage. As we do periodically for all our issued guidelines to achieve greater effect, the Bank of Ghana is currently reviewing the existing guidelines governing the use of e-money with a view to developing a Legislative Instrument (LI) to guide its operations. We recognize that any disruption or failure in the scheme will have an adverse impact on the public's confidence in electronic payment instruments. The Bank of Ghana is hopeful that the review will streamline its use and encourage greater participation from the unbanked sector of our population.

Mr. Chairman, permit me to share some other thoughts with you. The issue of fraudulent activities by some microfinance institutions (MFIs), especially in the regions, brings to the fore considerations for beefing up communication delivery in the regions in situations where information, education and clarification are necessary. The Bank of Ghana is currently in the process of establishing Regional Public Affairs offices manned by trained PR practitioners to link the head office up with local media who seek information and clarification about the Bank's operations, grant interviews or carry through some media-related activity, and boost the media relations programmes of the Bank. This would make it easier to know the local media and be immediately available to receive enquiries from them for the purposes of channelling them appropriately for action to be taken.

Distinguished Guests, Ladies and Gentlemen, the Bank of Ghana has the noble intention of nurturing the microfinance sector in Ghana because of its huge potential to push the financial inclusion agenda forward and alleviate poverty among the majority of our people. We see microfinance companies (MFCs) as agents and catalysts for the realisation of the dream of economic prosperity.

To demonstrate the commitment of the Bank to the effective supervision of licensed MFCs, officers of the Bank have been stationed at our Regional Offices. This is meant to enhance the monitoring and follow-up of licensed MFCs as well as for the surveillance and early detection and resolution of unlicensed MFCs. Furthermore, a new system of reporting called the Offsite Surveillance Electronic System (OSES) has been introduced to automate the off-site review and analysis of prudential returns submitted by MFCs.

Ladies and gentlemen, the Bank has additionally intensified its financial literacy campaign to accurately inform and educate the public on the activities of unlicensed MFCs. Going forward, the passing by Parliament of The Banks and Specialised Deposit-taking Institutions Bill, and the Ghana Deposit Protection Bill, will be crucial to our efforts to ensure that confidence is maintained in the banking sector. The two Bills will, among other things, offer protection for the small depositor, and deal extensively with the problem of unauthorised deposit taking business.

The Bank of Ghana will continue to provide a sound regulatory environment for the MFI sector while expecting MFCs to engage in prudent activities aimed at protecting customer depositors, maximizing profits and providing meaningful financial services to the rural poor at affordable prices.

Mr Chairman, ladies and gentlemen, the Bank of Ghana would like to assure the community of the Bank's social responsiveness and would make every effort to provide employment opportunities to the local people.

Once again, I would like to appreciate everyone for the hard work, commitment and contributions that led to this official inauguration ceremony today.

Thank you for your attention.