



Contents

01 |

Why invest in
Ghana

Page 3

02 |

Sector
overview

Page 6

03 |

Sector
opportunities

Page 47

04 |

Key investment
considerations

Page 52

05 |

Testimonials

Page 54

06 |

Contact us

Page 56

07 |

Appendix

Page 58

01

Why Invest in Ghana



Why invest in Ghana

Country overview

- Formerly known as the Gold Coast, Ghana was the first sub-Saharan nation to gain independence from colonial rule in 1957.
- Ghana is credited as being one of the most stable democracies in Africa, having successfully conducted 8 national elections and recorded no incidence of a coup d'état since 1992.

Airports



- 1 international airport
- 5 domestic airports

Railway



- 3 major railway networks with a total track length of 1,300 km

Dry ports



- Tema Port
- Takoradi Port

Road network



- Main roads: 67,291 Km
- Main arteries : 12,800 Km
- Paved roads: 3,800 Km

Internal infrastructure

Total land area

Overview: Ghana has total land area of 238,537 sq.km

Ghana has 16 administrative regions and 261 district assemblies.

Electricity supply

- Ghana's electricity supply is derived from hydropower generated from the Akosombo, Bui Power and Kpong dams, and 10 thermal plants at Aboadze in Western Region.
- According to World Bank, Ghana has an 86.63% (2021) access to electricity rate.

Water supply

Water is provided to citizens through the Ghana Water Company Limited, Community Water and Sanitation Agency and private water producers.

Locational advantage

- Ghana is geographically closer than any other country to the center of the earth.
- Ghana has 2 harbors with one being the largest in West Africa, making Ghana the gateway to West Africa.



Why invest in Ghana

Investment attractions

2nd largest economy in West Africa

- Ghana has an active retail market and healthy consumption levels. Fitch reports, household spending is expected to increase from US\$55bn in 2021 to USD81bn in 2025.
- AfCFTA presents an opportunity for intra-regional growth by leveraging access to common markets and knowledge transfer through labour mobility, thereby attracting foreign direct investments into the region.
- The AfCFTA secretariat is located in Ghana.

Stable political environment

- Ghana is ranked the second most peaceful country in Africa and the 38th most peaceful country in the world as per the 2021 Global Peace Index.
- Due to provisions made in the constitution of Ghana (article 20) and Free Zones Act (Act 504) there is a reduced threat of nationalism of private businesses.

Rich in natural resources

- Ghana was the largest (No.1) producer of gold in Africa and 6th largest in the world in 2021.
- 13,000 metric tonnes of manganese reserve.
- 16.86 million tonnes of high-grade trihydrate bauxite mined since 1997.
- Newly discovered deposits of lithium in 2021 amounting to 30.1million tonnes, setting Ghana up to become West Africa's first lithium producer.

Preferred tourism destination

- International arrivals of tourist increased from 932,579 in 2016 to 1,130,307 in 2019, however 2020 saw a reduction to 355,108 due to lockdown measures in response to Covid -19.
- As at September 2021, international tourist arrivals increased by 18% while domestic tourists grew by 58%.

Youthful population

- Ghana is blessed with a very youthful population, about 67% of the population is within the ages of 15 to 64 years.
- Government initiative such as free basic and secondary has ensured a 69.8% literacy rate for citizens who are 6 years and older as at 2021.

Investor-friendly government initiatives

- Government has initiated a plethora of incentives to ensure a conducive and enabling business environment.
- Government incentives include tax holidays, rebates, provision of industrial parks, provision of finance through partnering agencies and interest subsidies.
- Ghana has double taxation agreements with the United Kingdom, South Africa and other EU countries.

Top investment destination

- Foreign Direct Investment (FDI) has averaged \$2.72b from 2017 to 2021, suggesting stability in the inflow of capital with investment focus in oil and gas, mining (including gold and manganese), and agriculture (cocoa).
- Ghana attracted US\$2.65bn in FDI inflows in 2020, one of the highest amount in West Africa.

Agrarian economy

- Ghana is endowed with vast arable lands rich in agriculture.
- In 2020, Ghana was the 2nd largest producer of cocoa in the world, the 4th largest producer of cassava in the world.
- Ghana is blessed with fertile land for the production of maize, tomato, rice among many other food crops.

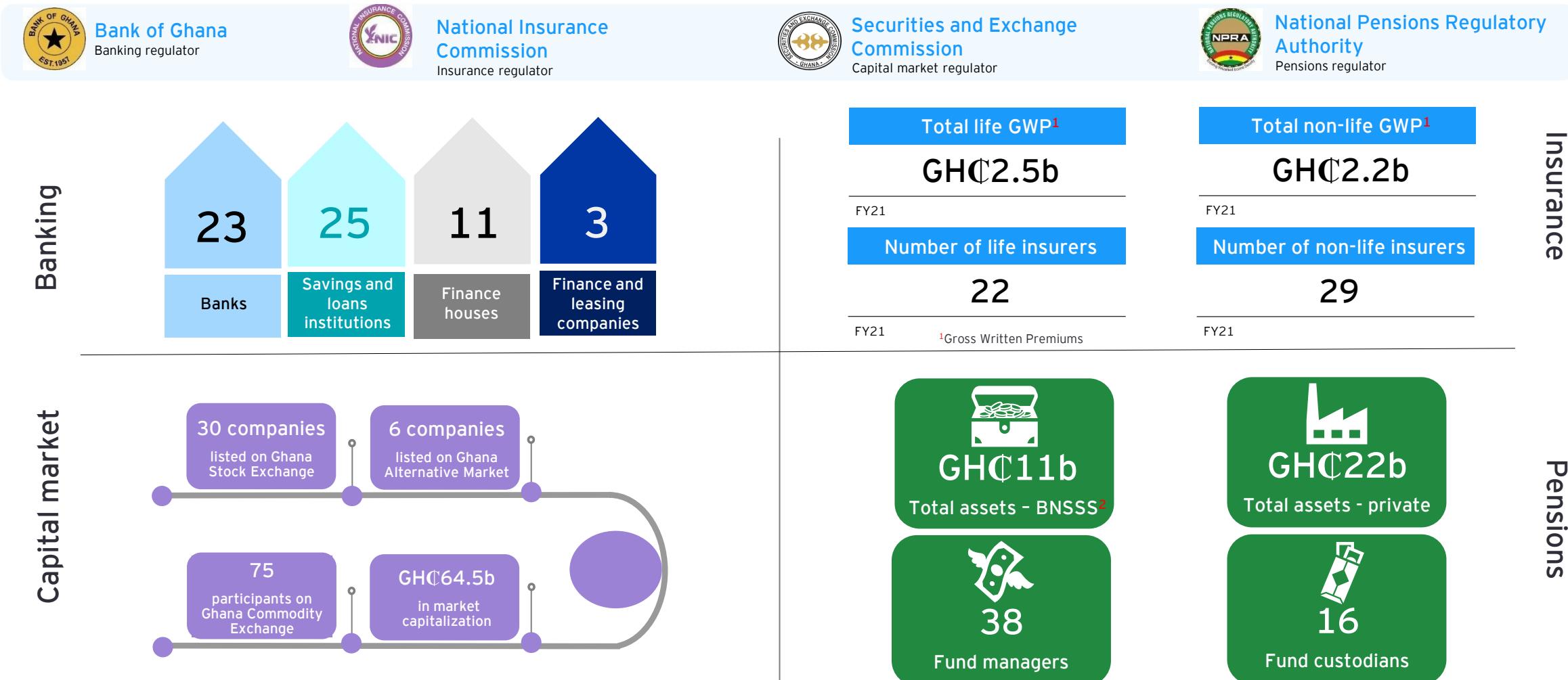


02

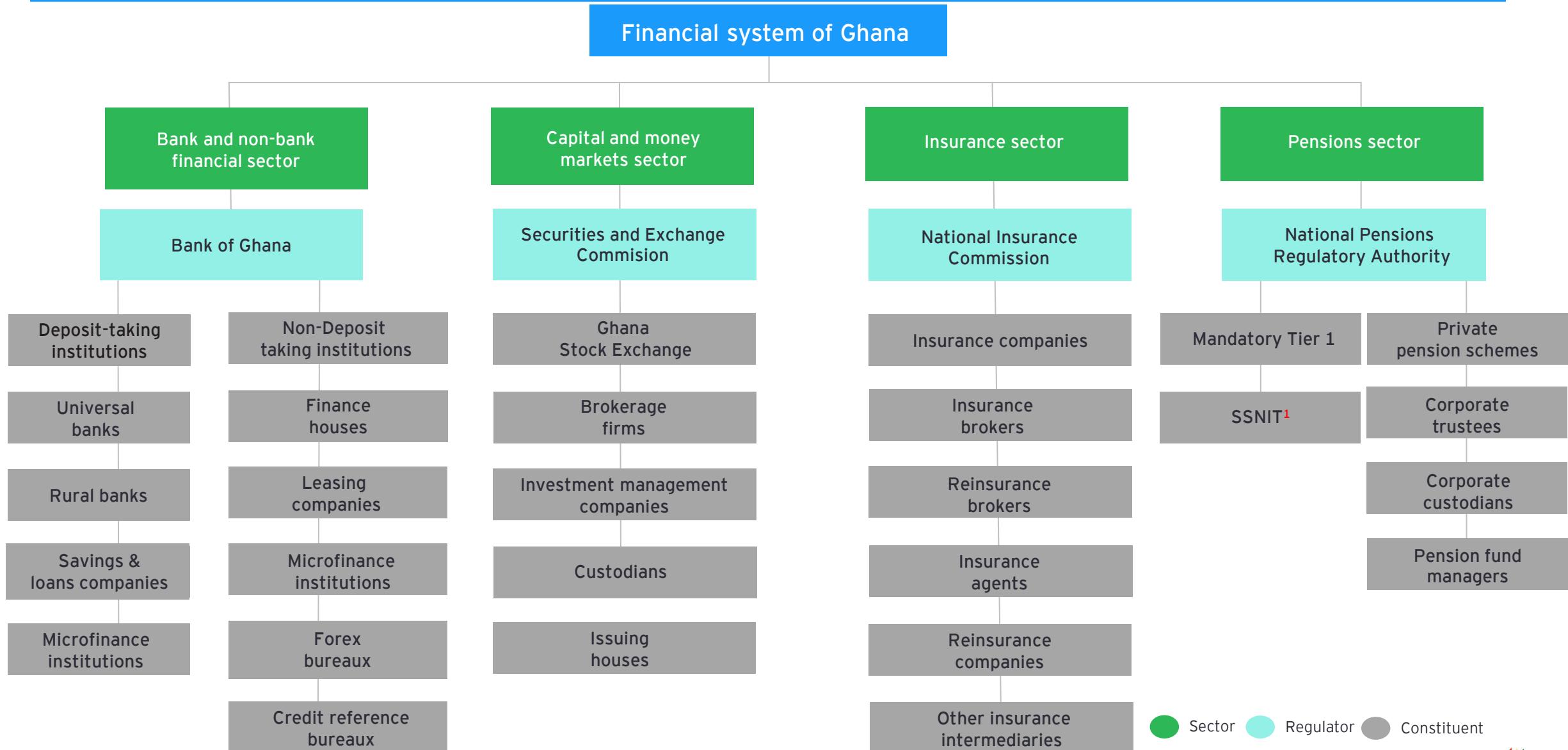
Sector overview

Sector overview: Snapshot of Ghana's financial sector

The financial sector is home to domestic and international banks, insurance providers, asset managers and a stock exchange. After the lockdown arising from Covid-19 pandemic in 2020, the industry has demonstrated resilience with the various sub-sectors recording growth. The overall outlook for the industry is upbeat supported by positive economic and demographic trends pointing towards an expanding and increasingly affluent potential consumer base over the medium term.



Sector overview: Snapshot of Ghana's financial sector



Banking sector

Sector overview - Banking sector

Banking Sector

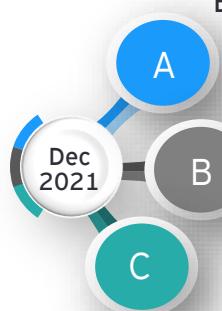
Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

Bank of Ghana

- Founded in 1957 and regulates financial institutions and banks in Ghana.
- It also oversees monetary policies and advises the government of Ghana on their implementation.



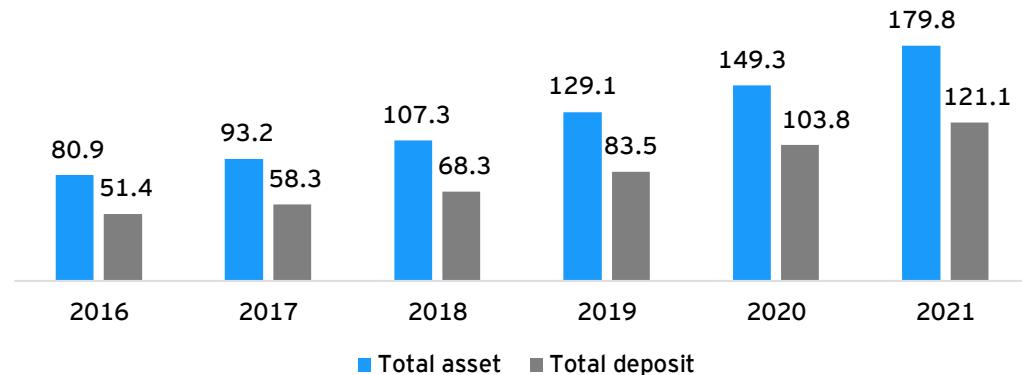
Banking sector key statistics

A: Total deposits of GH₵121b

B: Total assets of GH₵180b

C: Capital adequacy ratio of 19.6%¹

Banking sector growth trend in GH₵b



Products and services offered by the banking sector

Loans

Provision of loan advances to both individuals and corporations

Debit Cards

Range of debit, credit and prepaid cards make every transaction fast, easy and safe

Bancassurance

Distribution of insurance products, using a bank as a channel

Microfinance

Financing opportunities for unemployed or low-income individuals

- Financial and insurance activities contributed to 3.7% of GDP in 2021.
- Deposits continue to drive the funding of total assets with a strong growth of 16.7%, increasing from GH₵103.8 billion in December 2020 to GH₵121.1 billion in December 2021.
- The industry's shareholders' funds boast a solid position, indicative of adequate capital buffers within the banking sector to withstand shocks.

¹Industry Capital Adequacy Ratio regulatory floor is 11.5%

Sector overview - Banking sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

Average NPLs

17.0%

FY16A - FY21

Average total advances

GH₵49b

FY16A - FY21

Average cost to income ratio

70.8%

FY16A - FY21

Average capital adequacy ratio¹

19.1%

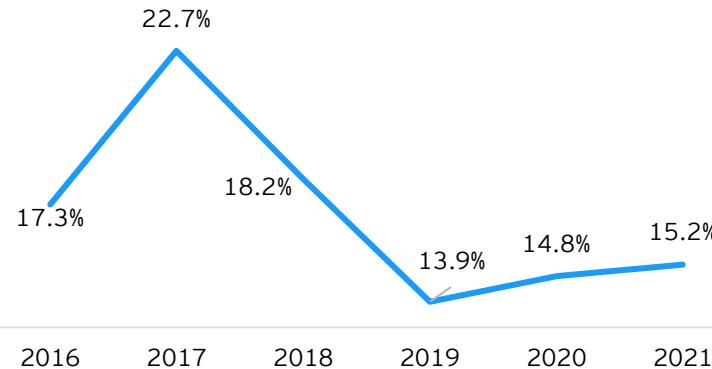
FY16A - FY21

Contribution to GDP

3.7%

FY21

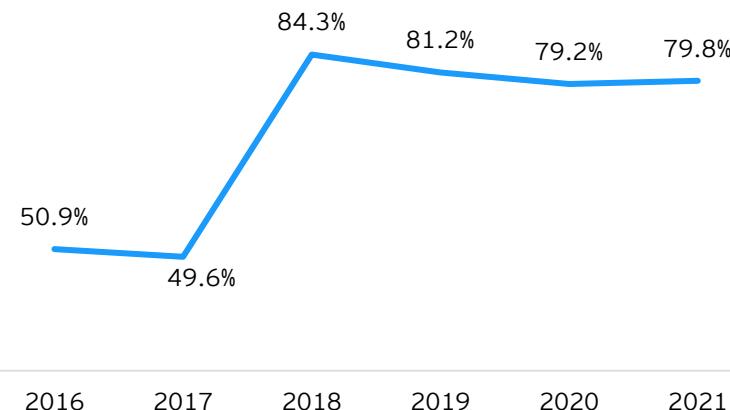
Non-performing loans trend in %



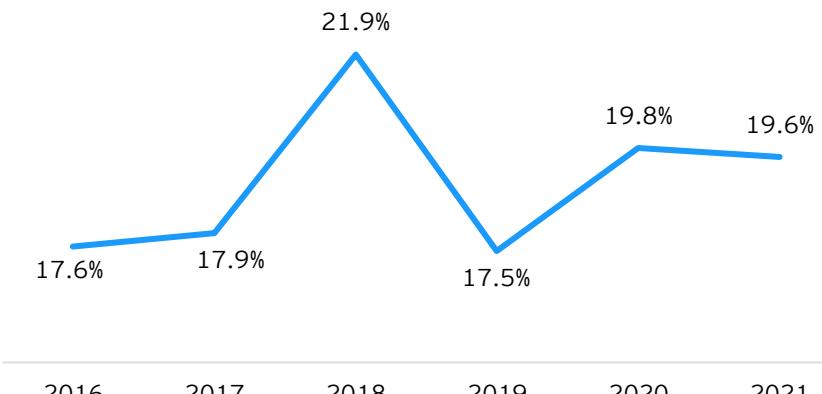
Loan advances trend in GH₵b



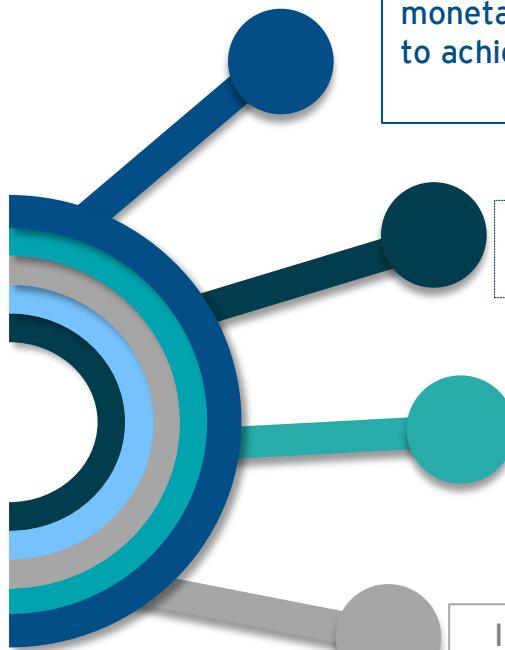
Cost to income trend in %



Capital adequacy ratio trend in %



Highlights on Monetary Policy Rate (MPR)



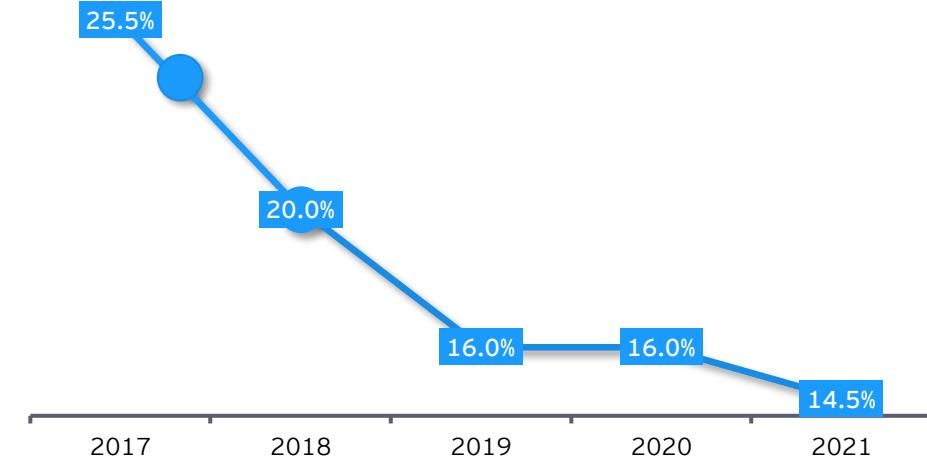
The MPR is the benchmark rate that signals the stance of monetary policy and anchors short-term market interest rates to achieve the primary objective of price stability.

The monetary policy rate as of December 2021 was 14.5%.

The policy rate declined over the last 5 years due to improved outlook on growth and inflation.

In the last year, Bank of Ghana cited continued policy support and increased optimism about the COVID-19 vaccinations as significantly improving the outlook and resulting in upward revisions of global growth projections.

MPR Historical Trend (2017 - 2021)



Key developments - Banking sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

01

The E-Cedi

- Bank of Ghana (BoG) and its solutions partner Giesecke+Devrient (G+D) are currently piloting the e-Cedi as a means of payment by business and individuals.
- The digital currency is intended serve as a digital alternative to physical cash, thus, driving the government's cash lite agenda through promotion of digital payments, while ensuring a secure and solid payment infrastructure in Ghana.

02

Establishment of Development Bank Ghana

- In 2021, the European Investment Bank signed an agreement with the Ministry of Finance to provide a €170m facility for the establishment of the Development Bank Ghana (DBG).
- DBG is intended to be a model institution that supports the financial system to play its role in supporting the private sector to expand and create jobs.

03

Liquidity Assistance Framework

- BoG introduced a new liquidity assistance framework in February 2021 designed to address weaknesses that were identified by the central bank during the recent banking sector crisis, and aims to allow better liquidity planning by banks, savings & loans companies and finance houses while protecting the balance sheet of the BoG. The framework is intended to mitigate the probable risk of settlement failures resulting from insufficient balances.

04

LeapFrog's investment in Fidelity Bank

- In August 2021, LeapFrog Investments, acquired a 16.94% stake in Ghana's largest privately-owned bank, Fidelity Bank Ghana Limited from Amethis, an investment fund manager dedicated to the African continent, and Edmond de Rothschild Equity Strategies (ERES), a mid-cap growth and buy-out franchise.

Overview of key players - Banking sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector



Year established

1953

**Total assets (GH₵m)

18,260

**Total equity (GH₵m)

2,547

* *Key shareholders

SSNIT, Government of Ghana



1990

17,857

2,656

Ecobank Transnational Incorporated



1917

16,038

2,296

Absa Group Ltd



1999

14,043

1,953

Stanbic Africa Holdings Ltd



1998

13,350

1,242

Africa Capital LLC, KTH Africa Investments

**Information is as at December 2021

Regulatory framework - Banking sector

Banking Sector

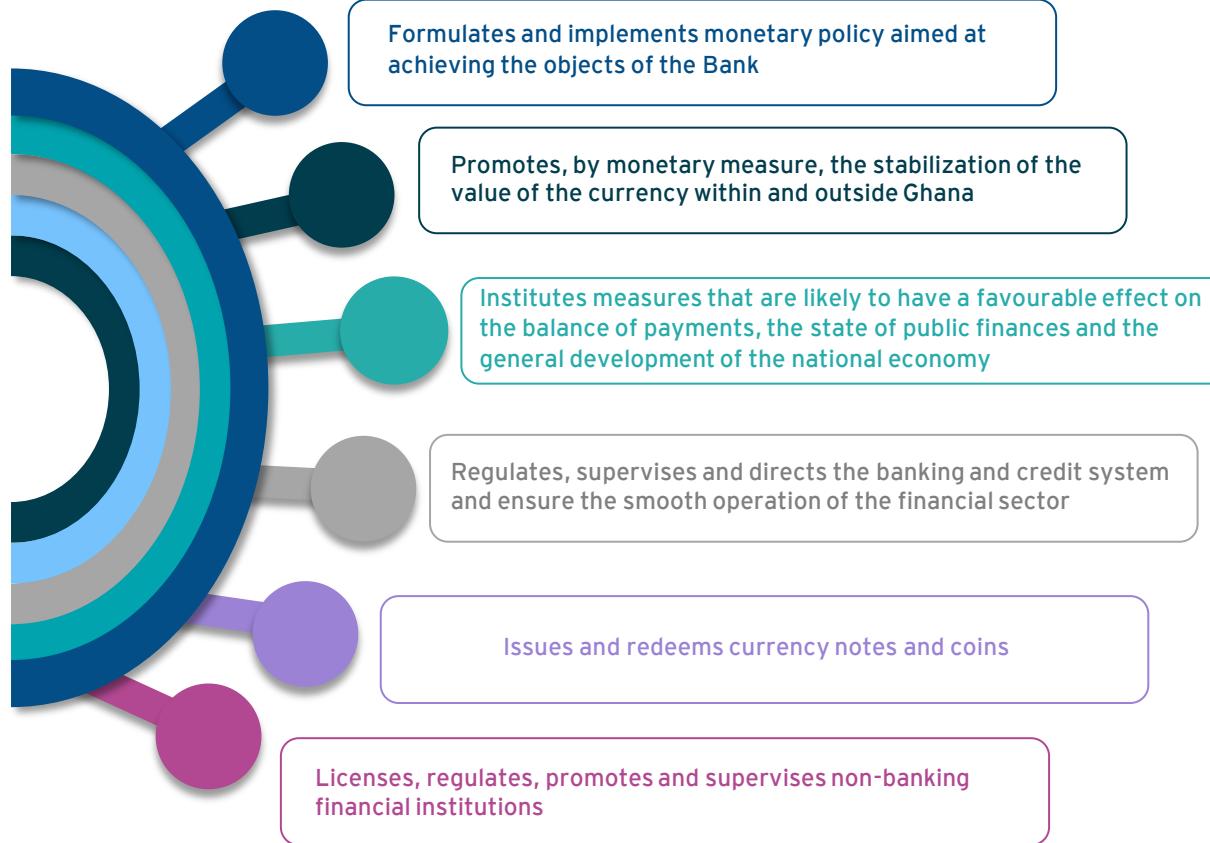
Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

The Bank of Ghana (BoG) has responsibility for the legal and regulatory framework within which banks in Ghana operate, which is designed to be consistent with the Basel Core Principles for effective banking supervision. It is both the country's central bank and regulator, and as such, oversees banking supervision.

Functions of the Bank of Ghana



Key legislations

Bank of Ghana Act 2002, Act 612

Bank of Ghana (Amendment) Act 2016 (Act 918)

Banks and Specialised Deposit-Taking Institutions Act 2016, Act 930

Non-Bank Financial Institutions Act, 2008 (Act 774)

Companies Act 179, 1963

Bank of Ghana Notices, Directives/Circulars/Regulations

Payment Systems and Services Act, 2019 (Act 987)

Regulatory framework - Banking sector

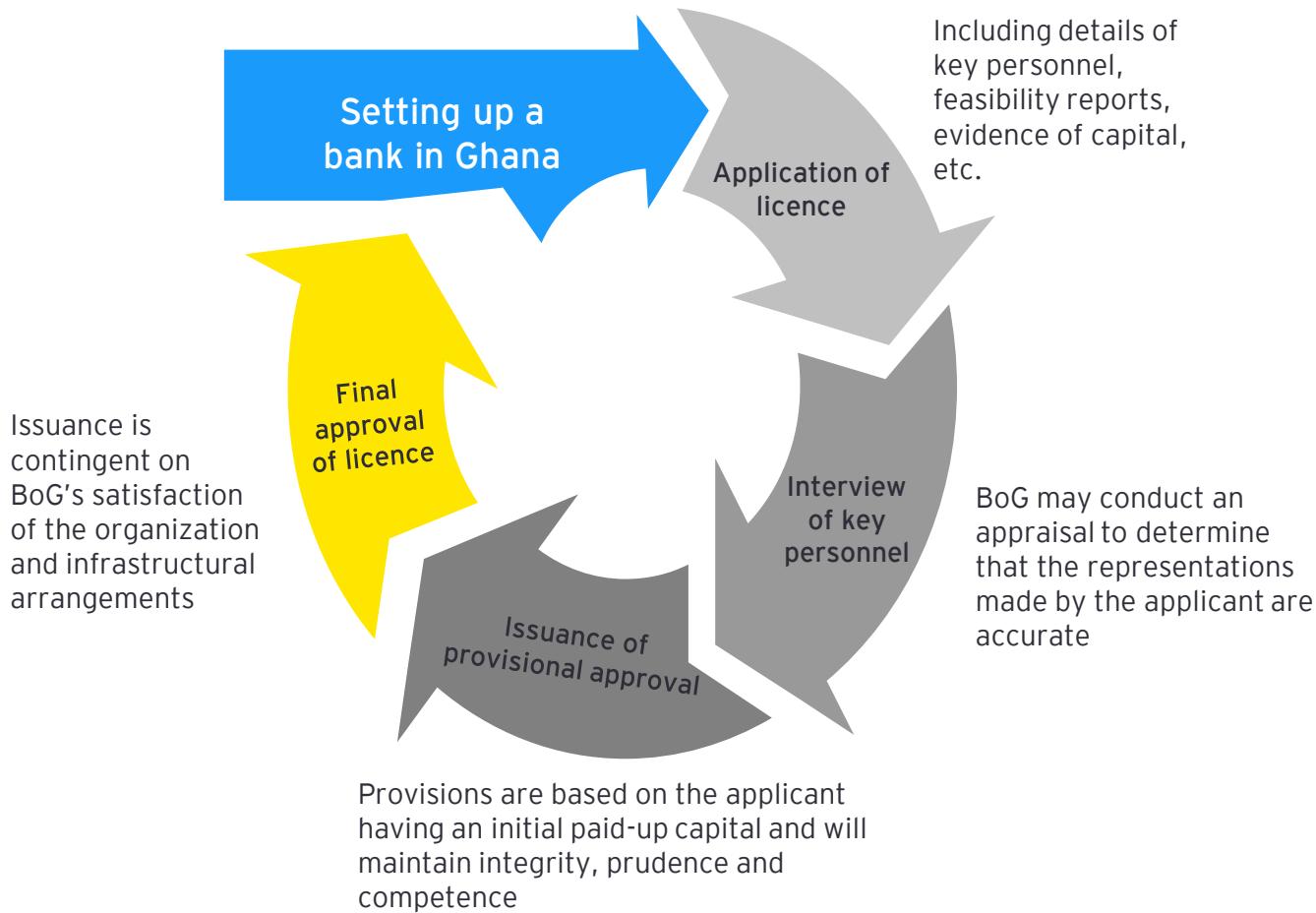
Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

Guidance on setting up a bank in Ghana



3
Months

Length of time for license application decision

Minimum paid-up capital
GH₵ 400,000,000

Initial licensing fee
GH₵ 100,000

01
Application processing fee
GH₵ 20,000

02
Annual licensing fee
GH₵ 10,000

03
04

SWOT analysis - Banking sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Strengths

- Ghana has a population growing at 2.1% per annum with urbanization rate of 57.9%; it is expected that the population growth will increase the demand for financial capital.
- The industry has risen to solid capitalization levels since the increase of the minimum capital requirement to GH₵400m with a capital adequacy ratio of 19.6%, well-above the industry requirement of 11.5%.
- Efforts are being made in all sectors in the financial industry to capture the unbanked population especially, as is evidenced by the astronomical growth in mobile money transactions over the last few years which grew from GH₵32.8b in December 2019 to GH₵82.9b in December 2021.

Opportunities

- The industry has seen strong banking sector asset growth (y-o-y growth of 20.4% in 2021) and slowly improving credit quality.
- Currency digitization efforts in the form of the e-Cedi proposal have the potential to drive low transaction costs, improved security of payments, and higher monetary transaction limits.
- Government is taking steps to encourage more foreign direct investment (FDI) in a range of sectors, for instance, through the One District One Factory (1D1F) initiative, which is partnering with banks to provide loans to businesses.



Weaknesses

- A significant portion of the population remains unbanked as the financial inclusion rate remains relatively low at 58%¹.
- One of the biggest challenges to digitization is fraud which has the potential to deter customer interest and deteriorate channel utilization.
- The central bank's business and consumer confidence surveys, conducted in February 2022, revealed a softening of sentiments with business confidence declining by a greater extent. While consumer confidence dipped by 0.7 percentage points, business confidence declined by 9.6 percentage points. Consumers were mainly concerned about the persistent increases in fuel prices, increases in transportation fares and rising inflation.

Threats

- E-levy tax of 1.5% on the value of digital transactions that exceed a cumulative daily transactions value of GH₵100 per person could disincentivize investment into the digital payments sector.
- Apprehension concerning current technological infrastructure to support the implementation of the digital currency.
- Education efforts need to be ramped up to get the public to understand the workings of the proposed digital currency.

¹The Global Findex Database 2017



Insurance sector

Sector overview - Insurance sector

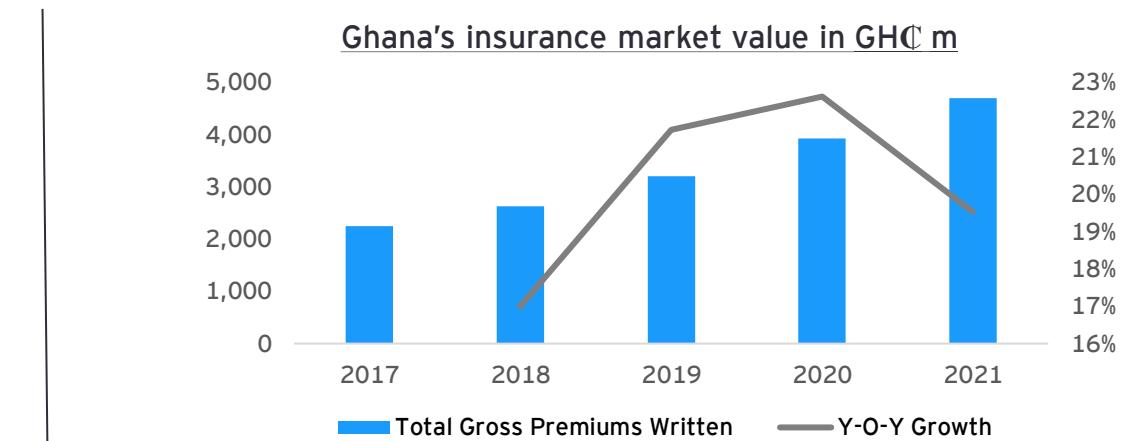
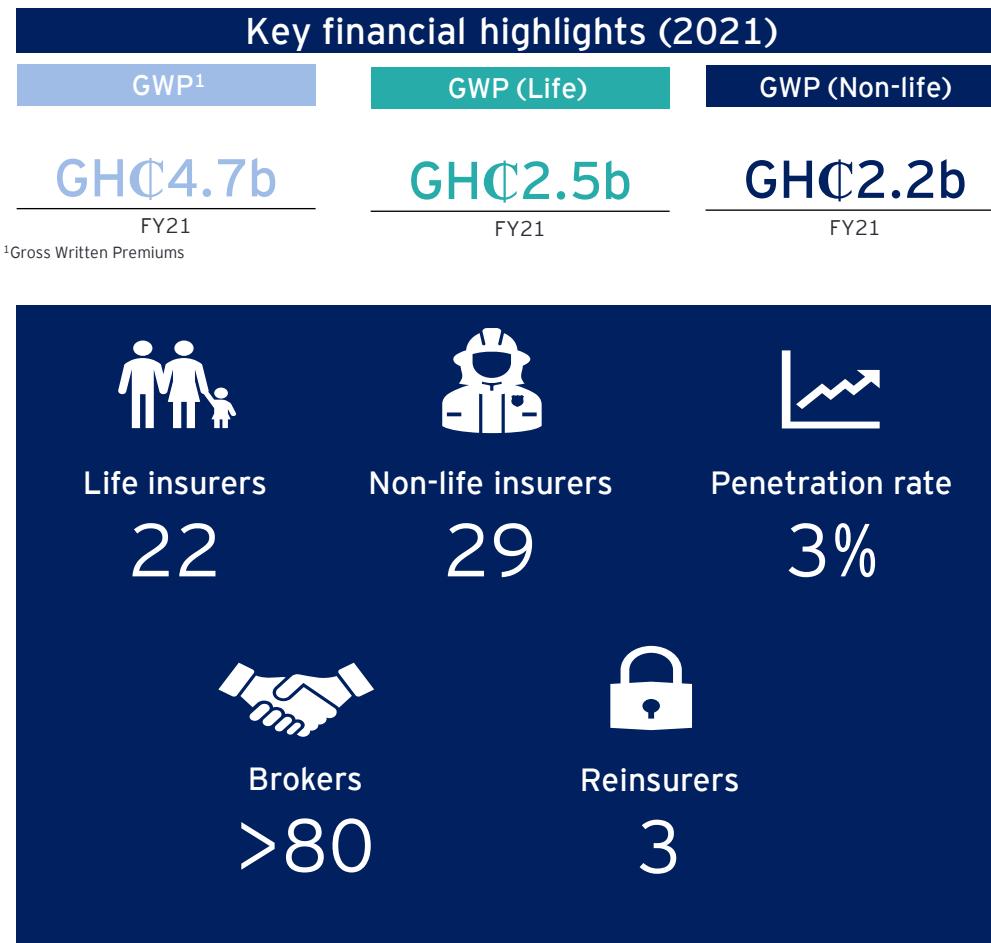
Banking Sector

Insurance Sector

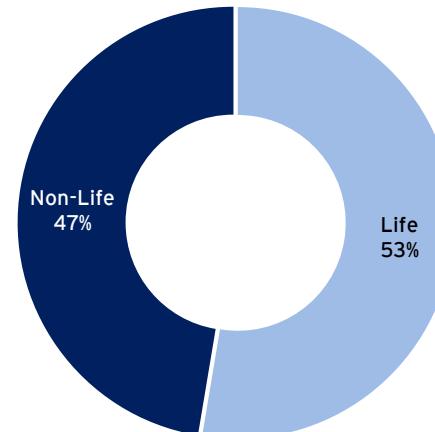
Capital and Money Markets Sector

Pensions Sector

- The Ghanaian insurance sector grew from a premium base of GH₵ 3.9b in 2020 to GH₵4.7b in 2021 representing a 19.5% growth relative to 9.8% growth recorded in 2020.
- The non-life business contributes 47% of total premiums while the life business contributes 53% of total premiums.
- Insurance penetration stands at 1%, however, if health insurance and pensions are taken into consideration the rate of insurance penetration is estimated to be 3%.



Segmentation of the Ghanaian insurance industry
Dec 2021



Sector overview - Insurance sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Life insurance

- The top four companies in the life segment account for about 75% of all life insurance premiums written in the market.
- Below this, the market is fluid and quite fragmented, creating a large tail-end of smaller players sustaining market shares of less than 8%. This indicates scope for further consolidation ahead, perhaps spurred by new foreign entrants (or recent foreign entrants) buying up smaller domestic players, or even one of the larger domestic concerns.



There are 22 life insurers in the market.

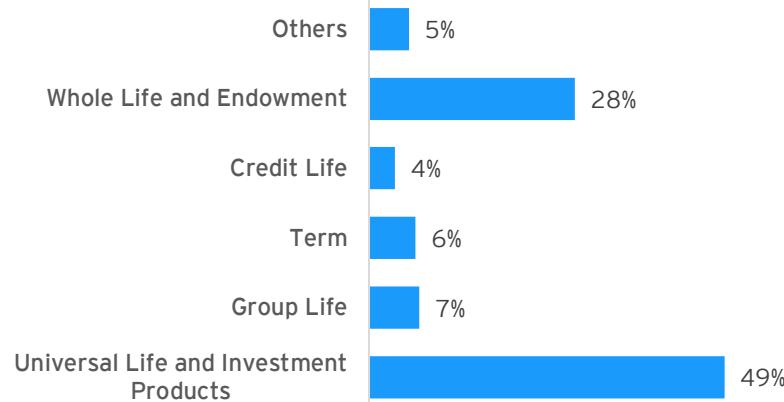


Microinsurance is being promoted to deepen insurance penetration.

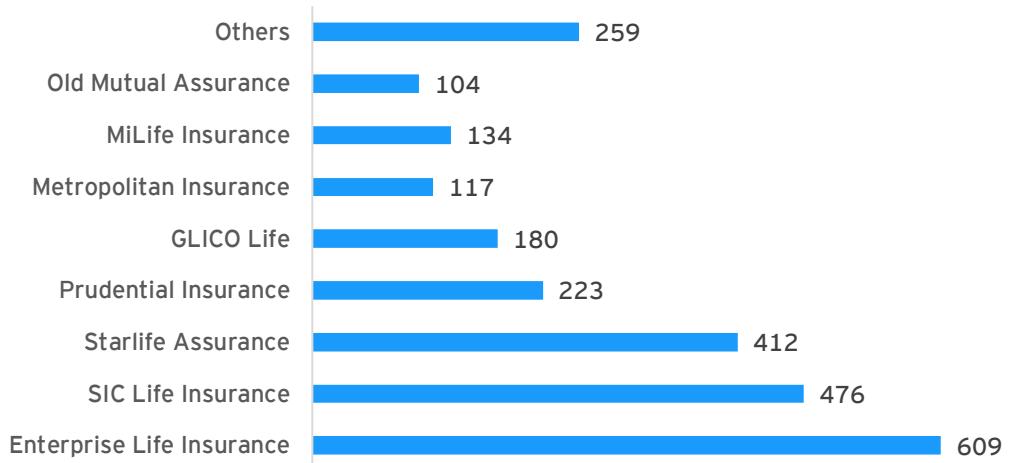


Technological innovation is helping to increase the penetration rate via the use of direct digital sales and services.

2021 Life insurance distribution by gross premium



2021 Life insurance gross premiums written in GH₵ m



Sector overview - Insurance sector

Banking Sector

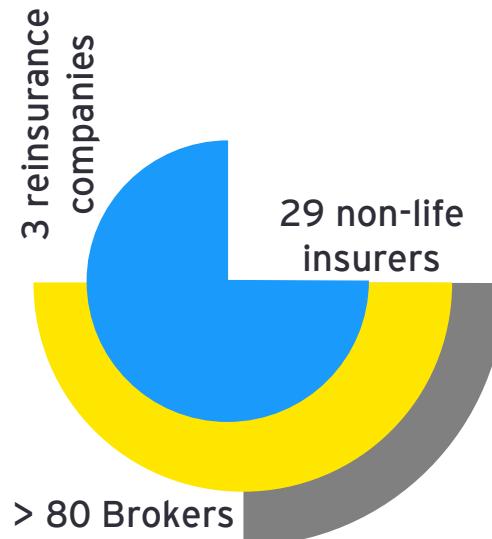
Insurance Sector

Capital and Money
Markets Sector

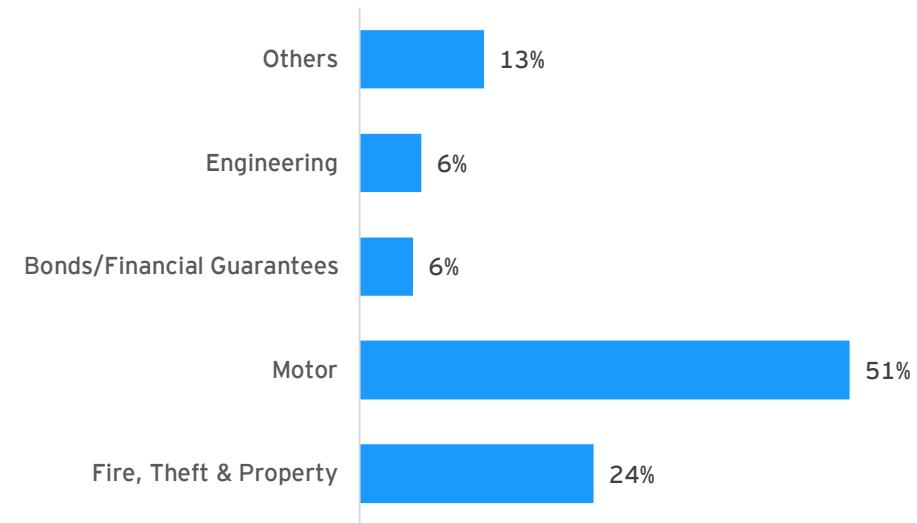
Pensions Sector

Non-life insurance

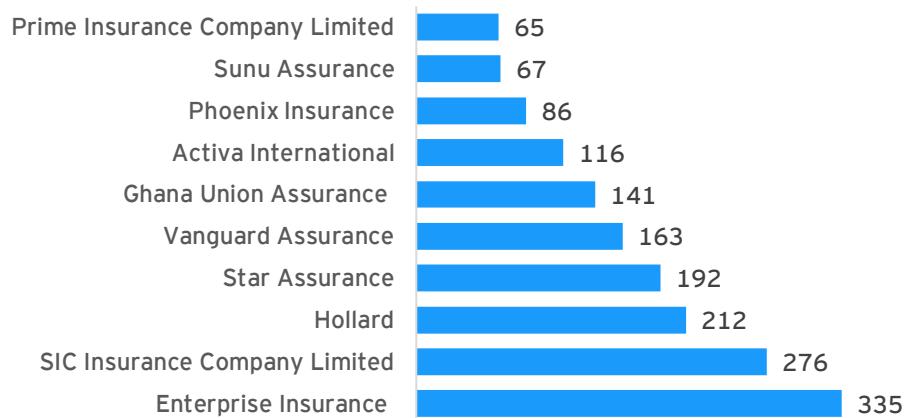
- The non-life insurance segment is composed of fire, theft and property, motor, bonds, engineering, personal accident, medical and health and other insurance segments.
- The motor vehicle segment is a particular source of innovation within the non-life market, owing in large part to the relative size of this coverage line, which currently accounts for nearly half of non-life premiums written in the country.



Non-life insurance distribution by gross premium written (2021)



Top 10 non-life insurance companies by gross premiums written in GH₵ m (2021)



Key developments - Insurance sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

01

Promotion of microinsurance

- Technological innovation is advancing the education of ordinary Ghanaians and helping to increase the penetration rate through direct digital sales and services, including mobile phone-based policies. Microinsurance is targeted at the majority of workers within the informal sector, especially the rural dwellers are largely underserved by mainstream insurance companies.

02

Deepening insurance penetration

- In an effort to accelerate life insurance penetration in the country, Republic Bank has partnered with Enterprise Life in 2022 to launch a trio of bancassurance products - Final Rest, NextGen and EduPlan policies.

03

Revision of minimum capital requirement

- As part of ongoing efforts to stabilise and strengthen the capacity of the financial services sector to support socio-economic development, National Insurance Commission (NIC) revised the minimum capital requirements from GH₵15m to GH₵50m for insurance companies, GH₵40m to GH₵125m for reinsurance companies and GH₵0.3m to GH₵0.5m for brokers in 2019.

04

New insurance bill

- In 2021, parliament passed the Insurance Act, 2021 (Act 1061) to replace the Insurance Act, 2006 (Act 724) and to provide for the regulation and supervision of the insurance market. Act 1061 creates three main licence categories under which insurance businesses may operate: Insurance Licence, Reinsurance Licence and the new Innovative Insurance Licence.

05

Promoting innovation

- NIC and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH's FSD component partnered in 2022 to launch InnoLab, an accelerator programme designed to support and grow the nation's insurtech start-ups and aimed at unearthing market-ready solutions to make insurance more relevant and affordable for Ghanaians.

Overview of key players - Insurance sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Company name	Year established	Gross premiums written (GH₵ m)	Market share	Key ownership
 Enterprise Life Insurance	1924	609	24%	Enterprise Group Limited
 SIC Life Insurance	1962	476	19%	Government of Ghana
 Starlife Assurance	2005	412	16%	Star Assurance Company Limited
 Prudential Life Assurance	2014	223	9%	Prudential Life (UK)
 Glico Life Insurance Company Limited	1987	180	7%	Glico Group Limited

**Information is as at December 2021

Regulatory framework - Insurance sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

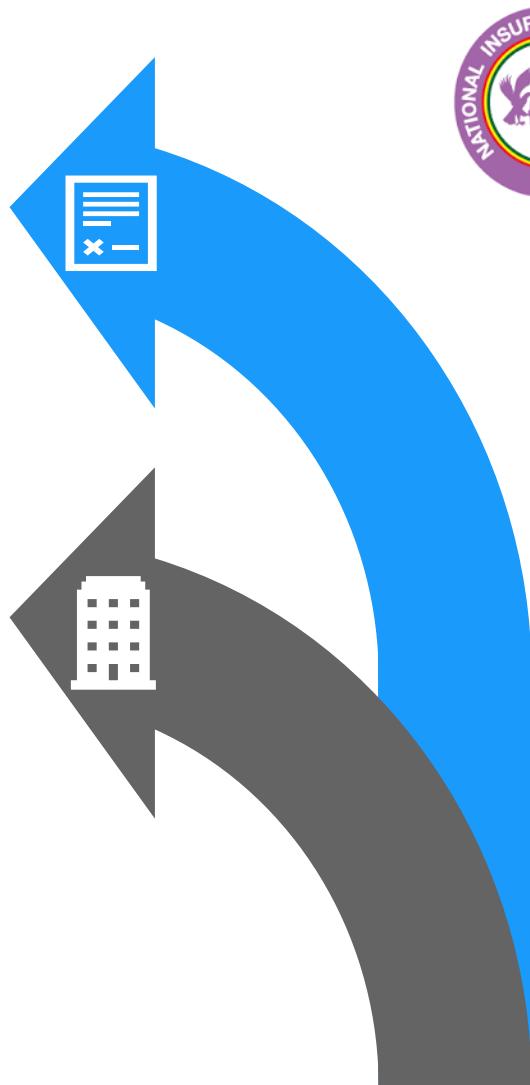
Pensions Sector

Insurance Act 2021, ACT 1061

- Replaced Insurance Act 2006, Act 724.
- This Act complies with the International Association of Insurance Supervisors Core Principles and gives better regulatory powers to the National Insurance Commission.

National Insurance Commission

- NIC operates under Insurance Act, 2021 (Act 1061).
- The object of the Commission is to ensure effective administration, supervision, regulation and control the business of insurance in Ghana.



NATIONAL
INSURANCE
COMMISSION

Functions of National Insurance Commission

Issues directives, directions, instructions and guidelines to insurers, reinsurers and insurance intermediaries

Monitors the operations of the insurance market

Supervises licensees on an individual basis and where appropriate on a group basis

Enforces compliance, in the insurance market of regulatory requirements on anti-money laundering and countering the financing of terrorism

Issues licences under Insurance Act 1061

Enforces compliance by licensees with the provisions of Insurance Act 1061

Regulatory framework - Insurance sector

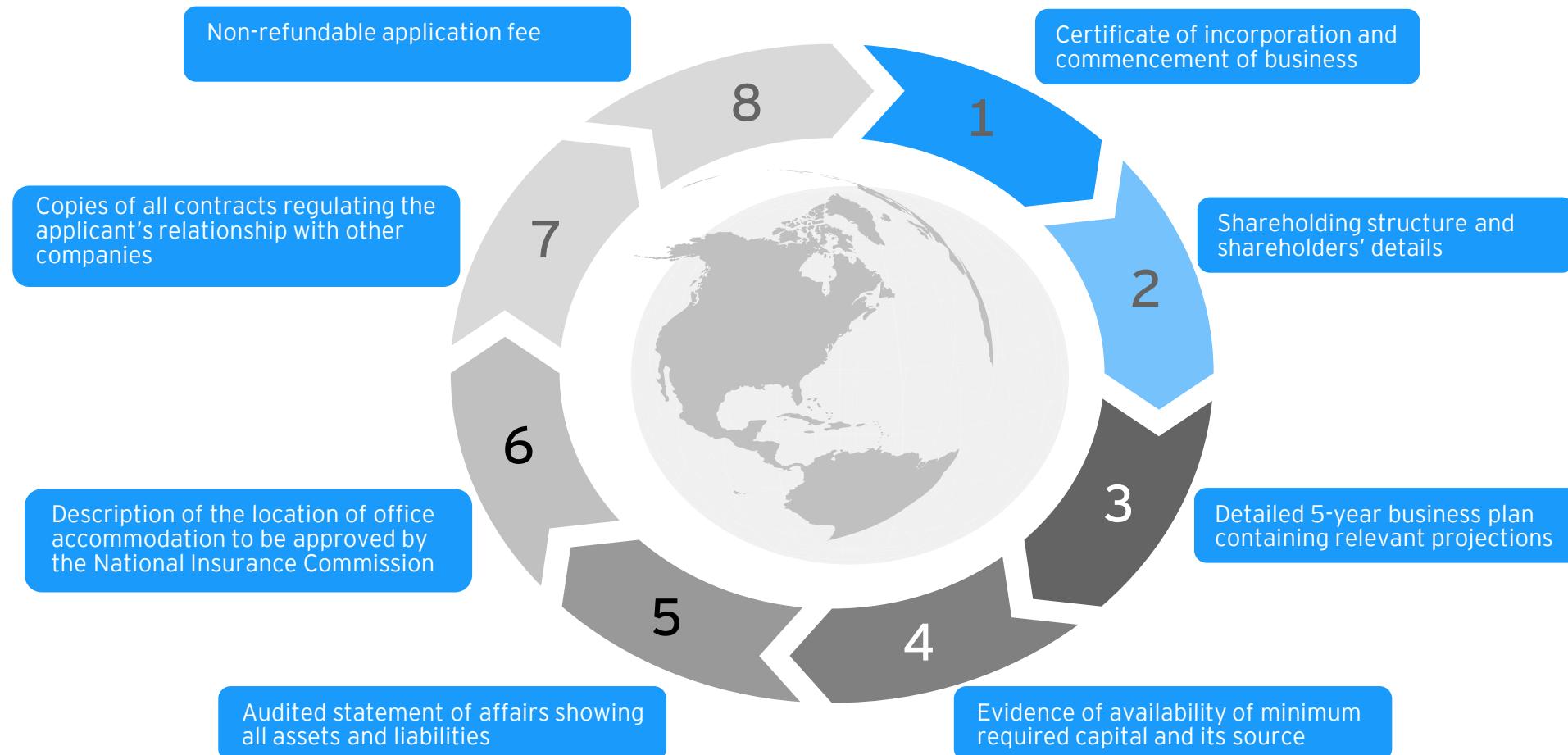
Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

Key requirements for operational licenses of insurance



¹Minimum required capital for insurance businesses was revised in 2019

Revision of insurance business capitalization

Insurance companies

Reinsurance companies

Insurance broking
companies loss adjustors

Reinsurance broking
companies

Previous Minimum Capital
Requirement

GH₵15.0m

GH₵40.0m

GH₵0.3m

GH₵1.0m

New Minimum Capital
Requirement

GH₵50.0m

GH₵125.0m

GH₵0.5m

GH₵1.0m

¹Minimum required capital for insurance businesses was revised in 2019

SWOT analysis - Insurance sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

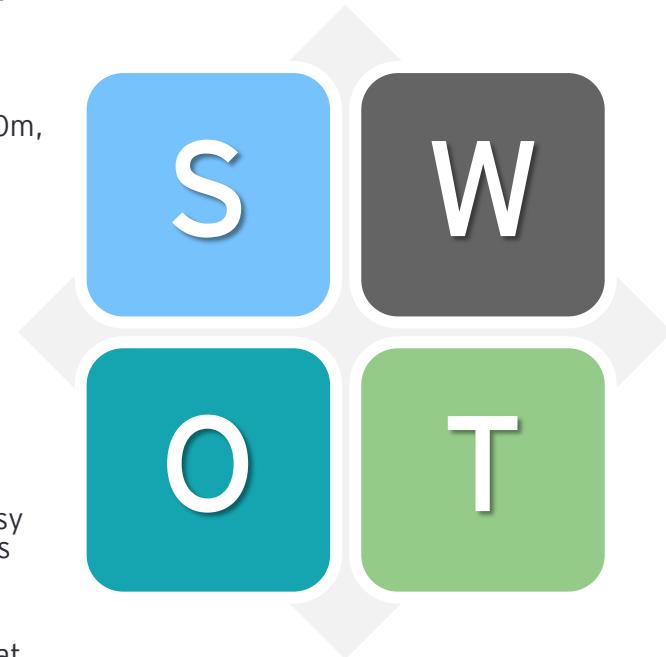
Pensions Sector

Strengths

- The insurance market is competitive across both the life and non-life segments.
- Recent recapitalization and revision of the regulatory environment, specifically relating to the increase in minimum capital requirements from GH₵15m to GH₵50m, are expected to strengthen market.

Opportunities

- Digital insurance presents an opportunity to provide easy access to insurance products and services to consumers especially with the development of mobile phone-based policies.
- The life insurance industry is fast growing, signalling that the consumers are becoming more educated about insurance products.
- The increased spate of cyberattacks by hackers on the systems of corporate institutions creates a viable market to provide insurance cover to corporate clients.



Weaknesses

- Distribution of insurance remains inadequate. Insurance companies need to leverage the media to market their products.
- The relatively low level of education exhibited by sales agents contributes to the weakness of the sector. Due to the practical intricacies of the insurance products, it is highly necessary that the agents selling insurance understand the contracts they are supposed to sell.

Threats

- Educating the informally-educated section of the population in the country remains an issue.
- The market has faced negative perception due to fraudulent claims and delay in payments. Recent regulatory reforms are expected to improve this perception



Capital and money markets

Sector overview - Capital and money markets sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

The Ghana Stock Exchange was established in 1989

GSE provides an avenue for investment and creates access to capital. The GSE lists several types of securities including shares (preference or equities), debt in the form of corporate bonds (and notes), municipal bonds (and notes), Government bonds (and notes) and close-end unit trusts and mutual funds.



Companies listed on the GSE include the country's leading domestic banks, mining organizations and food and drink companies.

Securities and Exchange Commissions Is the Regulator

The Securities and Exchange Commission was established under Securities Industry Act, 2016 (Act 929) ('the Act') with the object to regulate and promote the growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected.



Indices

The GSE publishes the GSE Composite Index (GSE-CI) and the GSE Financial Stocks Index (GSE-FSI).



The calculation of the GSE Composite Index (GSE-CI) is based on the volume weighted average closing price of all listed stocks.

Yield Curve as at December 2021



Ghana Fixed Income Market (GFIM) is a market to facilitate the secondary trading of all fixed income securities and other securities to be determined from time to time.

The GFIM is based on the existing licence that the Ghana Stock Exchange (GSE) has, to operate a market for securities. The main regulator for the market is the Securities and Exchange Commission.

¹Key facts as of Dec 2021

Sector overview - Capital and money markets sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Key requirements for listing



Ghana Stock Exchange

- Stated Capital of at least GHc1million
- Public float must not be less than 25% of the number of issued shares of the company
- Payment of Shares must be in full
- Spread of Shares should be adequate with at least 100 shareholders after the public offer for the Main Board.

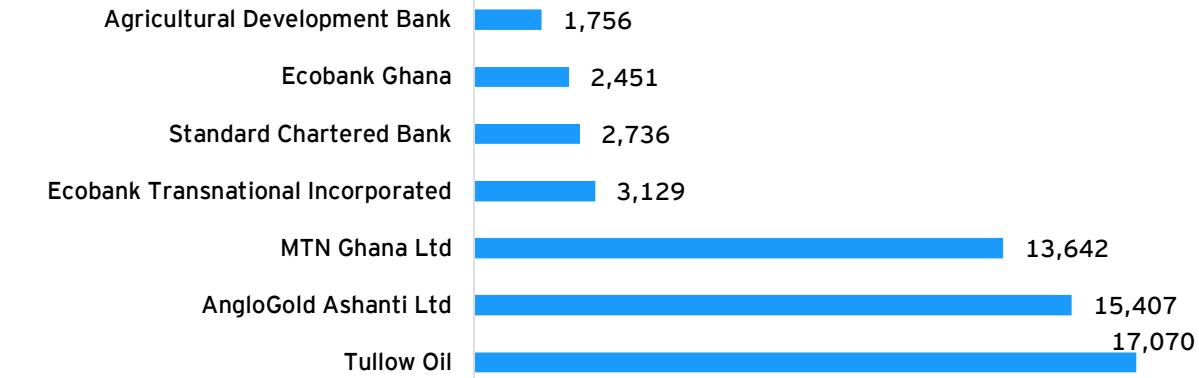
Ghana Alternative Markets

- Stated Capital of at least GHc0.25million
- Public Float must not be less than 25% of the number of issued shares of the company
- Payment of Shares must be in full
- Spread of Shares should be adequate with at least 20 shareholders after the public offer for the Main Board.

Ghana Commodities Exchange

- Net worth of GHC 50,000
- Company registration certificate
- GCX Basic membership training certificate
- Tax clearance certificate.

Key companies by market capitalization in GH₵ m - Jan 2022



Constituents of the capital market



Broker-Dealers

execute orders on behalf of its clients and trade for their own accounts



Fund Managers

implement a fund's investment strategy and managing its trading activities



Custodians

hold financial assets for safekeeping to minimize the risk of theft or loss



Mutual Funds

investment programmes funded by shareholders that trade in diversified holdings and is professionally managed



Key developments - Capital and money markets sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

01

Ghana Stock Exchange Strategic Plan

The Ghana Stock Exchange launched 3-year strategic plan in 2021 to transform the capital market sector from a frontier market to an emerging market. The exchange plans to introduce new products such as derivatives, green bonds and others into the market, to provide more liquidity and attractive investment options for existing and potential investors.

02

Capitalizing on technological infrastructure

The SEC's regulatory response to the rising need to support the development and adoption of new technologies has been a balanced approach, balancing the potential for innovation against risk to investors, market integrity, and financial system stability. In May 2021, the regulator launched the first ever Capital Market Master Plan (CMMMP) to create a market value chain that provides invaluable opportunities for technological innovation to transform the market in a variety of ways.

03

Fixed Income Highlights

The elevated inflation pressures (+200bps) in Q4 2021 and currency risk undermined demand in the primary market and pushed up yields at the shorter end of the yield curve. Despite the lower Q4 primary bills issuance target of GH₵13.87 billion, the quest for higher risk-adjusted returns led to a target coverage ratio of 0.87x and an upward trend in yields on the 91-day and 364-day treasury bills.

Overview of key players - Capital and money markets sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

	Player	Year Established	Investment Banking	Asset Management	Brokerage	Pensions
 InvestCorp <small>Premier Investment Banking</small>	InvestCorp	2013	✓	✓	✓	✓
 Cal Asset Management	Cal Asset Management	2006	✓	✓	✓	✓
 icsecurities <i>fulfilling aspirations</i>	IC Securities Ltd	2005	✓	✓	✓	✓
 Databank <i>Leadership</i>	Databank Financial Services Ltd	1990	✓	✓	✓	✓
 EDC <small>(Member of the Ecobank Group)</small>	EDC Stockbrokers Limited	NA			✓	
 SBG Securities (Gh) Limited	SBG Securities (Gh) Limited	NA			✓	
 SIC BROKERAGE LTD <i>Your Preferred Stockbroker</i> <small>(Member of the Ghana Stock Exchange)</small>	SIC Brokerage Limited	2006			✓	

Regulatory framework - Capital and money markets sector

Banking Sector

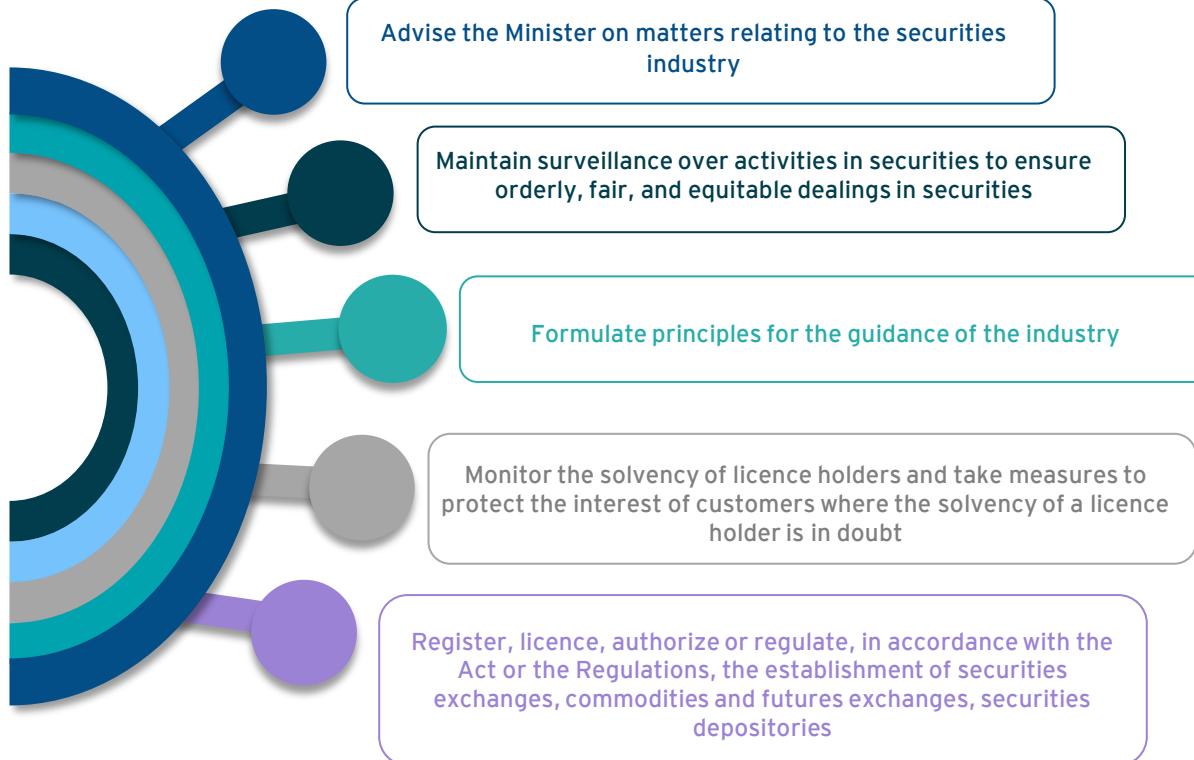
Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

The capital market is governed by the Securities and Exchange Commission (SEC), which is established by the Securities Industry Act, 2016 (Act 929) ('the Act') with the object to regulate and promote the growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected.

Functions of the Securities and Exchange



Key Legislation in Capital Markets

Securities Industry Act, 2016, Act 929

Foreign Exchange Act 2006 (Act 723)

SEC Regulations 2003 (LI 1728)

SEC Compliance Manual for Broker-Dealers, Investment Advisers and Representatives

Unit Trust and Mutual Fund Regulations (LI 1695)

Companies Act 1963 (Act 179) (as amended)

Regulatory framework - Capital and money markets sector

Banking Sector

Insurance Sector

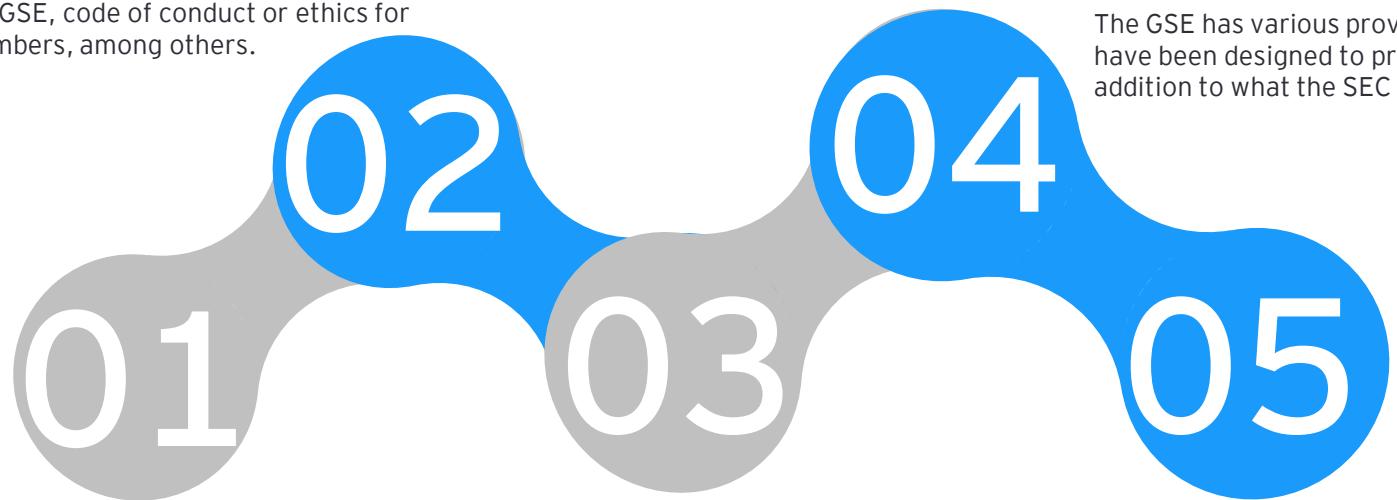
Capital and Money
Markets Sector

Pensions Sector

The Ghana Stock Exchange (GSE) operates within a set of rules, including membership, listing and trading, which it sets itself and self-regulates. These are, collectively, referred to as the GSE Rule Book. Within this, there are several categories of rules.

Membership Rules

These deal with the criteria for membership of the GSE, code of conduct or ethics for members, among others.



Listing Rules

- These prescribe, among others, criteria for listing securities (local and external), continued obligations of the listed companies as well as takeover and merger procedures.
- There are **21 licensed stock broking firms** that have set up systems for serving non-residents.

GSE Automated Trading Rules

These exist to govern electronic trading done by the brokers whether on the floor, from dealers' offices or through the secured internet.

Investor Protection Provisions

The GSE has various provisions in its rules that have been designed to protect the investor in addition to what the SEC provides.

Surveillance Rules

- The Securities and Exchange Commission (SEC) carries out regular inspections of Licensed Dealing Members' operations and books. Brokers are also required to submit returns to GSE.
- The Trading and Surveillance Unit within the Exchange carries out on-site surveillance activities for all trading members and reports to the Risk Management Committee of Council.

SWOT analysis - Capital and money markets sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

Strengths

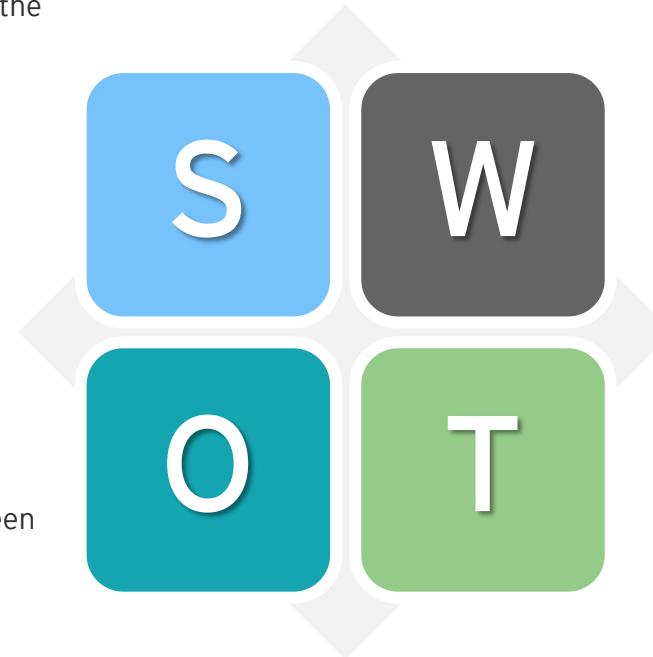
- Ongoing improvements to the regulatory environment have strengthened the capital markets sector, as SEC revised the minimum capital requirements upwards for the various market operators in 2020.
- Due to small number of listed companies, it is relatively easy to monitor and ensure compliance.

Weaknesses

- The Ghana Stock Exchange (GSE) is poorly diversified in comparison to developed stock markets.
- Lack of a culture of saving and investing for the future.

Opportunities

- The SEC maintains efforts to foster collaboration between the regulator and fintech providers in order to create digital platforms for retail trading and explore opportunities and solutions to regulatory obstacles to technological development in the market.
- The GSE plans to introduce new products such as derivatives, green bonds and others into the market, to provide more liquidity and attractive investment options for existing and potential investors.



Threats

- Lack of a culture of saving and investing for the future
- Gap in education on the importance of and interest in the management of pension contributions
- There is tough competition from global players such as the Nigerian Stock Market which has a total of 161 listed companies



Pensions

Sector overview - Pensions sector

Banking Sector

Insurance Sector

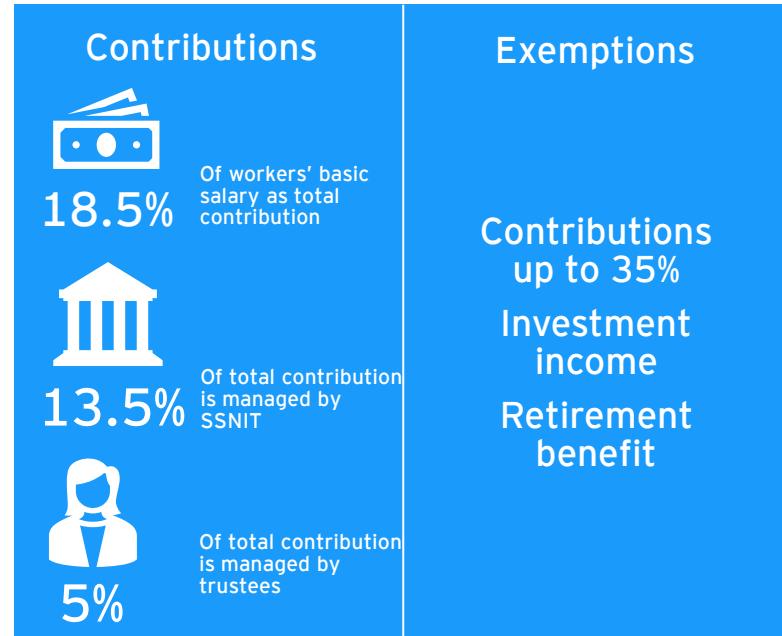
Capital and Money
Markets Sector

Pensions Sector

Pension schemes are designed to provide retirement benefits to retired workers or contributors, beneficiaries of a deceased contributor or members who have become invalid. Workers are required by law to contribute to the mandatory pension schemes managed by trustees to pay these benefits.

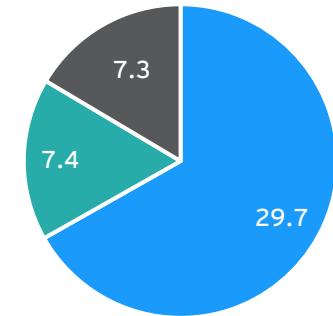
The National Pensions Regulatory Authority (NPRA) was established by the National Pensions Act 2008, (Act 766) to regulate and monitor the operations of the three-tier pension scheme and ensure effective administration of all pensions in the country.

The objective of the Authority is to regulate and monitor the operation of the 3-Tier Pension Scheme and ensure the effective administration of pensions in the country.



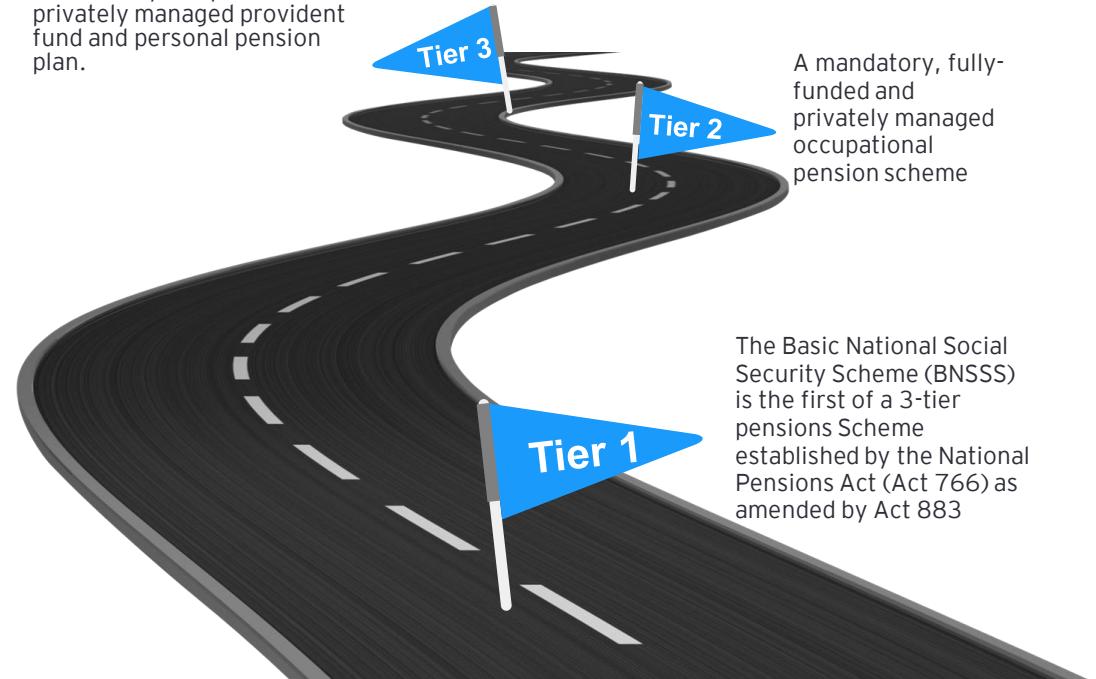
Source: Social Security and National Insurance Trust (SSNIT), National Pensions Regulatory Authority, Pension Digest Vol 2, Issue 2

Assets Under Management in GH₵ b at Dec 2021



- Pensions
- Collective Investment Schemes
- Other Funds

A voluntary, fully-funded and privately managed provident fund and personal pension plan.



Sector overview - Pensions sector

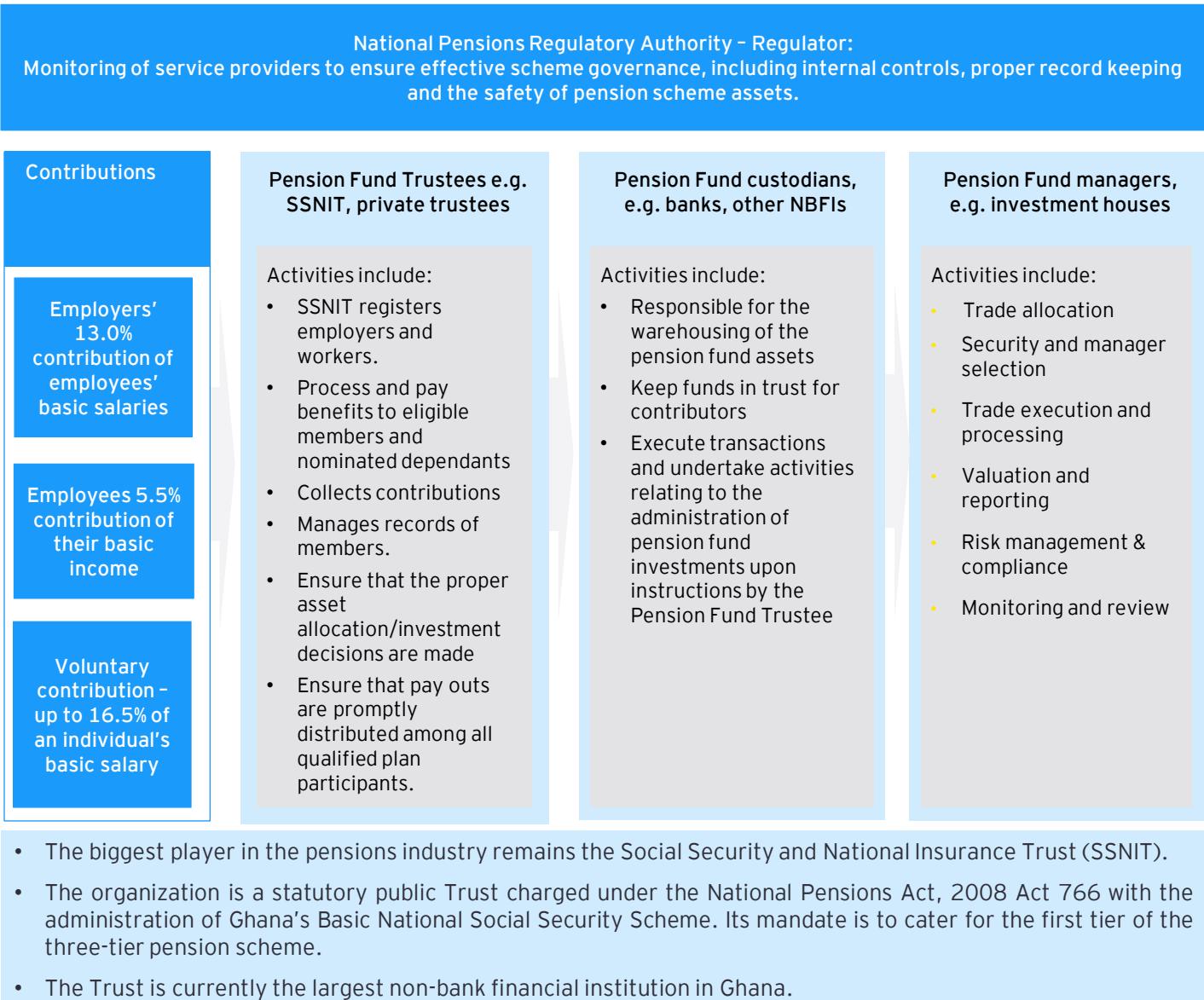
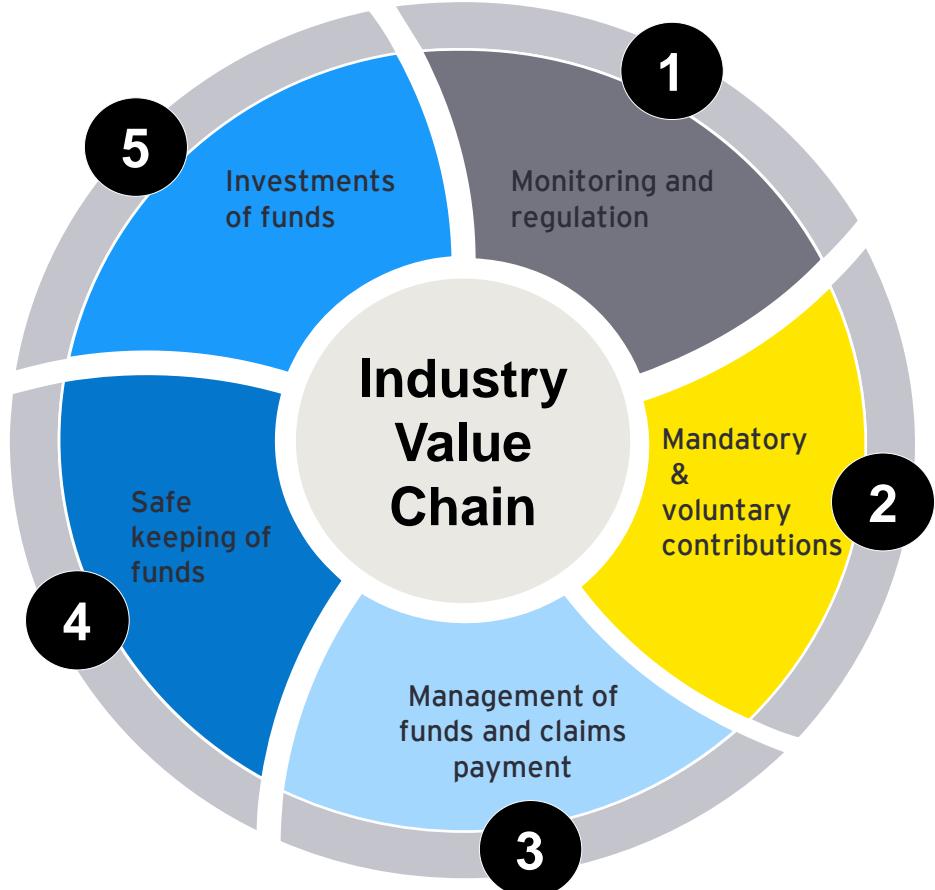
Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Pensions Industry Value Chain



Sector overview - Pensions sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

Summary Statistics for SSNIT¹



Summary Statistics for Private Pension Funds



¹Social Security and National Insurance Trust

²Basic National Social Security Scheme

Sector overview - Pensions sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

New Investment Guidelines for Pension Trustees

Fund Type	Description	Age Limit	Asset Allocation			Additional Restrictions	?	Mandatory for Tier 2 Funds
			Variable Income	Fixed Income				
Fund 1	Moderately Aggressive	15-44	15% - 40%	60% - 85%	-			
Fund 2	Moderately Conservative	45-54	5% - 20%	80% - 95%	40% GOG Min.			
Fund 2	Conservative	55-60	0%	100%	60% GOG Min.			
Fund 4	Aggressive	By formal request	20% - 60%	40% - 80%	-			

Implications of New Guidelines



Employer

Ensure that employee records are accurate in order to allocate accordingly



Employee

Take active interest in updates in pensions industry and invest as much as possible

Key developments - Pensions sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

01

Private Equity and Pensions

In early 2022, Injaro Investment Advisors Limited - a Ghanaian growth capital investor launched Injaro Ghana Venture Capital Fund, a GH₵150m fund with commitments from several private pension schemes. This is inline with recent NPRA guidelines requiring pension schemes to diversify their portfolios to incorporate private equity. This presents local private equity fund managers the opportunity to tap into some of capital managed by private pension schemes.

02

Five-Year Strategic Plan

NPRA has completed the development of a five-year (2022 to 2026) strategic plan to increase pensions coverage to 40%. Completed late 2021 the plan builds on the current one (2017 - 2021) and is expected to reduce old-age poverty and increase the overall contribution of the sector to the national economy. Under the plan, NPRA expects to grow the pensions assets under management to an estimated value of GH₵50billion from the current GH₵33billion.

03

Pension-Backed Mortgage

Ecobank Ghana And Enterprise Trustees sign a partnership deal in July 2021 to deliver pension-backed mortgages. This Tier 3 pension scheme, allows workers to use their accrued benefits in the private schemes as collateral security to acquire their primary home.

Overview of key players - Pensions sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

	PETRA TRUST	AXIS PENSION TRUST	METROPOLITAN PENSIONS TRUST Together We Can!	GLICO PENSIONS
Year Established	2010	2010	2010	2010
Key Facts	Petra Trust Company Limited provides trustee services for employers and individuals in Ghana.	Axis Pensions Trust Ltd offers retirement savings products and fund administration expertise.	Metropolitan Pensions Trust (MPT) is a wholly owned subsidiary of Metropolitan Life Insurance Ghana.	GLICO Pensions was incorporated in 2010 and licensed by the NPRA as a corporate trustee under the National Pensions Act.

Source: S&P CapitalIQ, Company Websites, LeapFrog Investments - Petra Trust

Regulatory framework - Pensions sector

Banking Sector

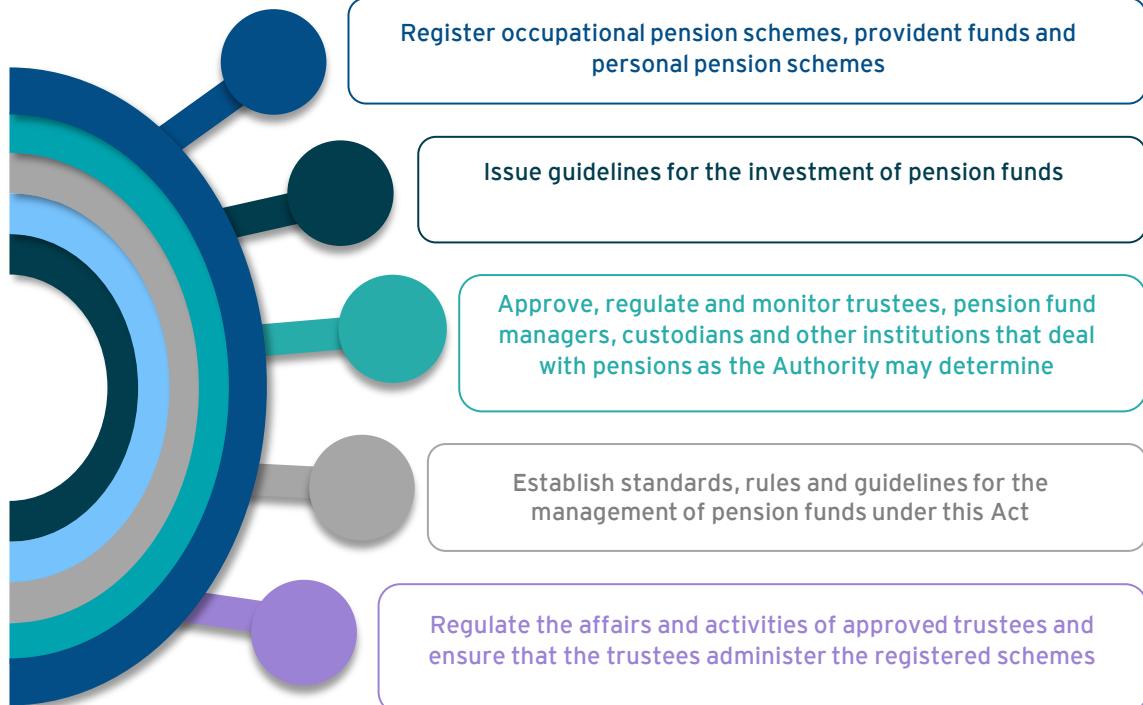
Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

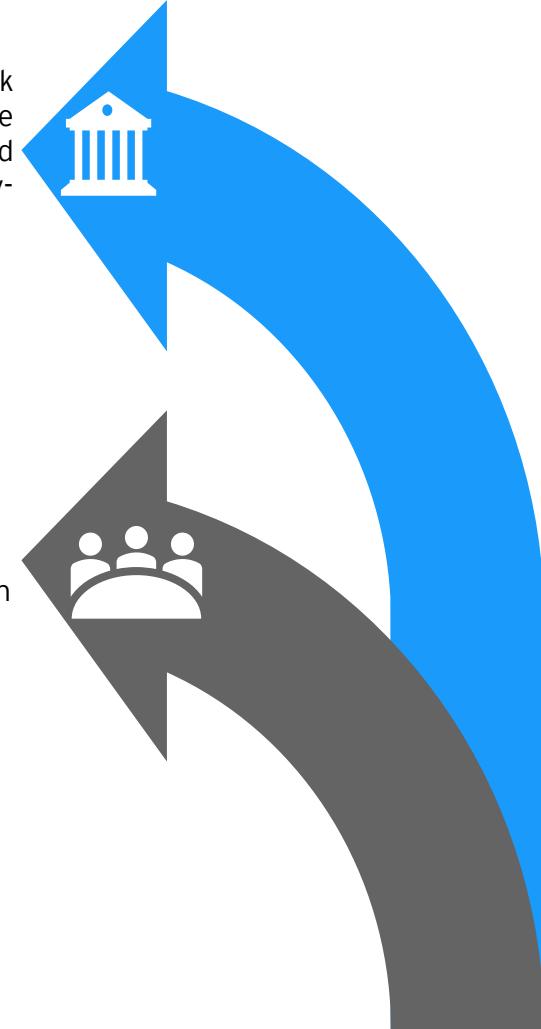
The National Pensions Regulatory Authority (NPRA) was established by the National Pensions Act 2008, (Act 766) to regulate and monitor the operations of the three-tier pension scheme and ensure effective administration of all pensions in the country

Functions of the National Pensions Regulatory Authority



Key stakeholders in the pensions sector

- Institutions represented are the Bank of Ghana, Securities and Exchange Commission, Ministry of Finance and the Ministry of Justice and Attorney-General's Department.



SWOT analysis - Pensions sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

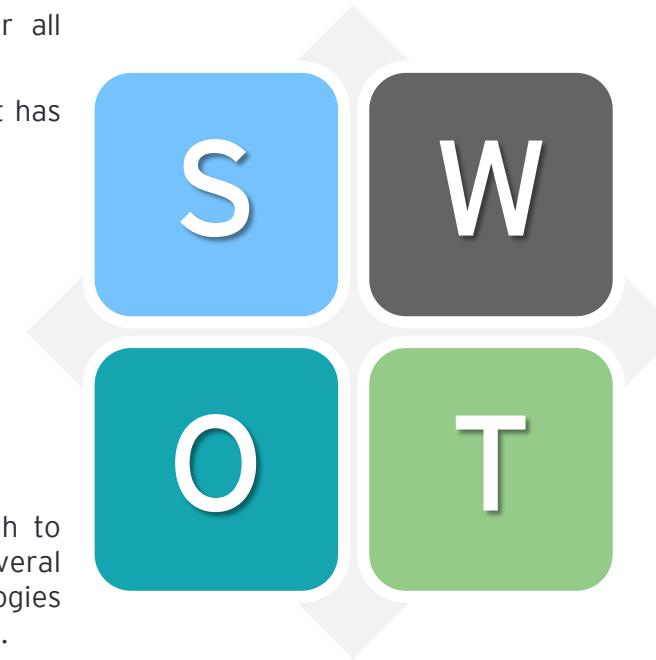
Pensions Sector

Strengths

- The adoption of the Ghana Card as the unique identifier is expected to improve the ease of doing business, as it will create the convenience of using only one card for all transactions.
- Ongoing improvements to the regulatory environment has strengthen capital markets industry.

Opportunities

- Current technological infrastructure is robust enough to support digitization of pensions access by several providers with opportunities to develop these technologies even further to capitalize on ease of use and efficiency.



Weaknesses

- Lack of a culture of saving and investing for the future
- Information on the pension industry has room to be more comprehensive, especially with regards to the fund managers and key statistics

Threats

- Lack of a culture of saving and investing for the future
- Gap in education on the importance of and interest in the management of pension contributions



Recent industry investors

Recent industry investors

	Banking Sector	Insurance Sector	Capital and Money Markets Sector	Pensions Sector
Investor Name	Investee	Year of Investment	Sub-Sector	
 LEAPFROG INVESTMENTS	Leapfrog Investments	Fidelity Bank Ghana Limited	2021	Bank and Non-Bank Financial Sector
 BlueOrchard Impact Investment Managers	BlueOrchard Finance S.A.	Vanguard Assurance Company Limited	2022	Insurance Sector
 ACA	African Capital Alliance Ltd	Petra Trust Limited	2020	Pensions Sector
 AFRICINVEST	AfricInvest	Fidelity Bank Ghana Limited	2020	Bank and Non-Bank Financial Sector
 AFIG FUNDS	AFIG Funds	First Atlantic Bank Ghana Limited	2017	Bank and Non-Bank Financial Sector
 LEAPFROG INVESTMENTS	LeapFrog Investments	Enterprise Trustees Limited	2017	Pensions Sector

Source: Market Research, S&P Capital IQ

03

Sector opportunities

Sector opportunities - Banking sector

Banking Sector

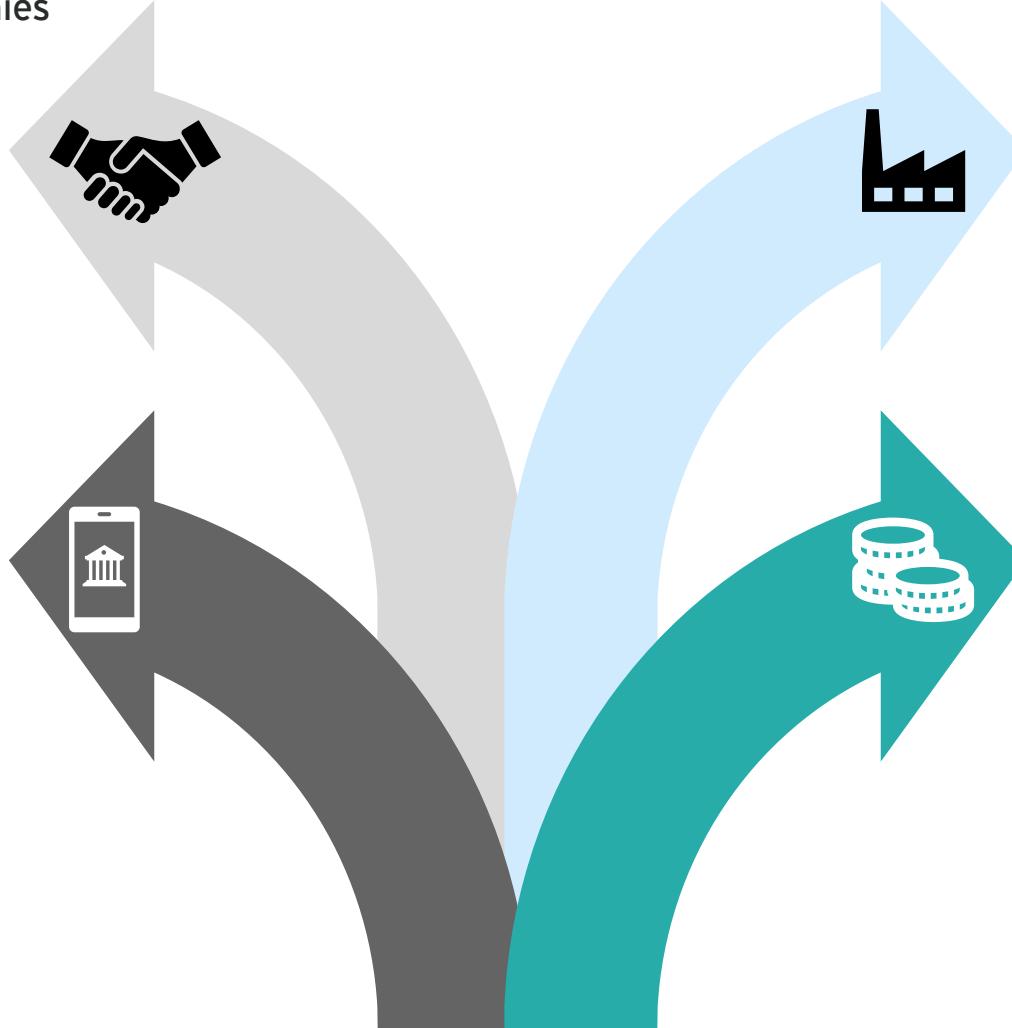
Insurance Sector

Capital and Money
Markets Sector

Pensions Sector

Partnering with Insurance Companies

- Bancassurance continues to be an opportunity as insurance companies partner with banks to have a wider reach of their target market.



Fintech Development

- Several financial institutions currently exist without online banking infrastructure; opportunities remain in fintech to develop technological infrastructure that supports online banking with the aim of providing ease of use and convenience to the banking customer.

One District One Factory Initiative

- The initiative allows partner financial institution to support budding companies with subsidized loans. It gives the opportunity to boost the loan book balance and interest income.

Capturing the Unbanked Population

- To capture the unbanked population that remains in Ghana, there are opportunities to set up banking institutions such as savings and loans companies that target the population that cannot reach the traditional banking system.

Sector opportunities - Insurance sector

Banking Sector

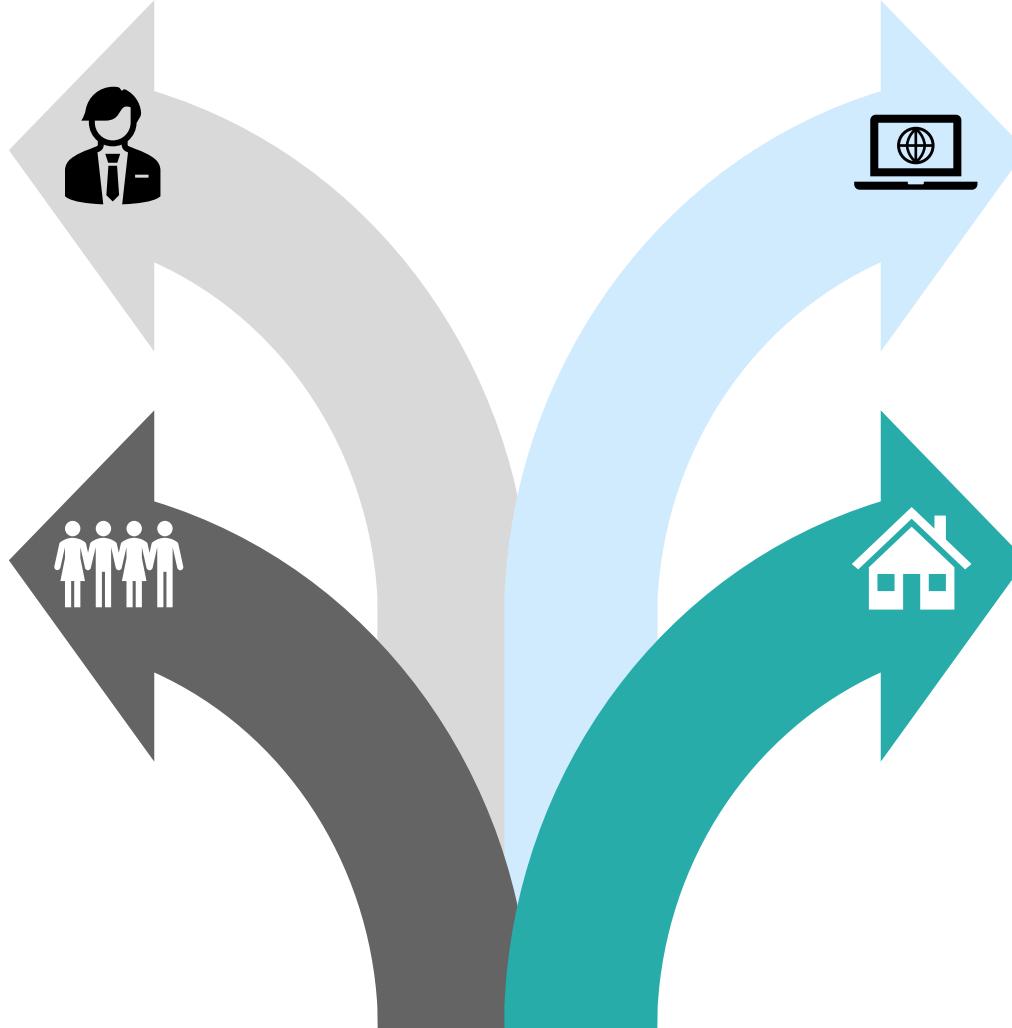
Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Bancassurance

- Increasing percentage of banked population provides unique and viable avenue to distribute insurance products.
- An increasing number of insurance companies are partnering up with banks to provide insurance products to customers.



Meeting Consumers' Needs

- Insurers should leverage new and existing types of consumer data to gain a better understanding of potential customers, their needs and nuances of insurance behaviour and usage.
- Better understanding of customers' needs and behaviour and leveraging technology to develop innovative product solutions will help to build the perception of insurance among Ghanaians as products provide greater value to households and businesses.

Opportunities in InsurTech

- Introduction of InsurTech solutions such as buying policies and filing claims on mobile devices increases the reach of insurers even without physical branches.
- Marketing of microinsurance on these platforms also ropes in the low-income populace.

Property Insurance

- Urbanization and the increase in the size of the middle class has increased the demand for residential properties.
- Gradual reduction in lending rates will spur the demand for mortgage facilities offered by financial institutions. Increased demand will come with opportunities to insure these properties.

Sector opportunities - Capital and money markets sector

Banking Sector

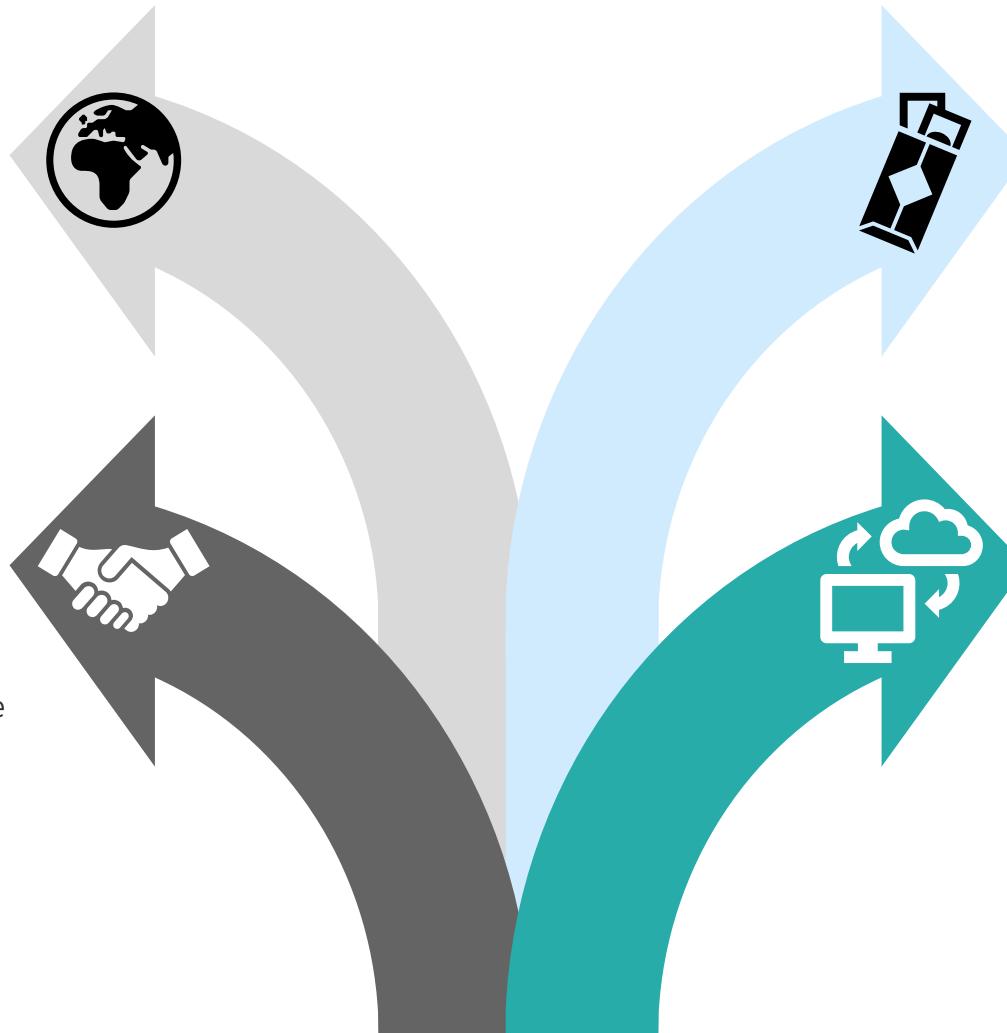
Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Introduction of New Securities

- The Ghana Stock Exchange (GSE) plans to develop new products, such as Green Market products and derivatives, to increase the investing opportunities of pension funds. This will enable them to diversify their growing asset base to better balance their risk and returns.



Key Partnerships

- The GSE has expressed its willingness to sustain partnerships with relevant organizations such as the Association of Ghana Industries (AGI) and various industry chambers of commerce and associations to increase listings and drive liquidity on its markets.

Capturing the Unbanked Population

- There are opportunities to set up institutions and mutual funds to take advantage of global securities. It presents an opportunity to capture the unbanked population by widespread education of the importance of investing.

Opportunities to Develop Fintech

- The GSE stated that it will continue to introduce fintech-related products and invest in technology to improve participation in its markets.
- Opportunities remain to invest and develop fintech that improve cybersecurity in the capital markets.

Sector opportunities - Pensions sector

Banking Sector

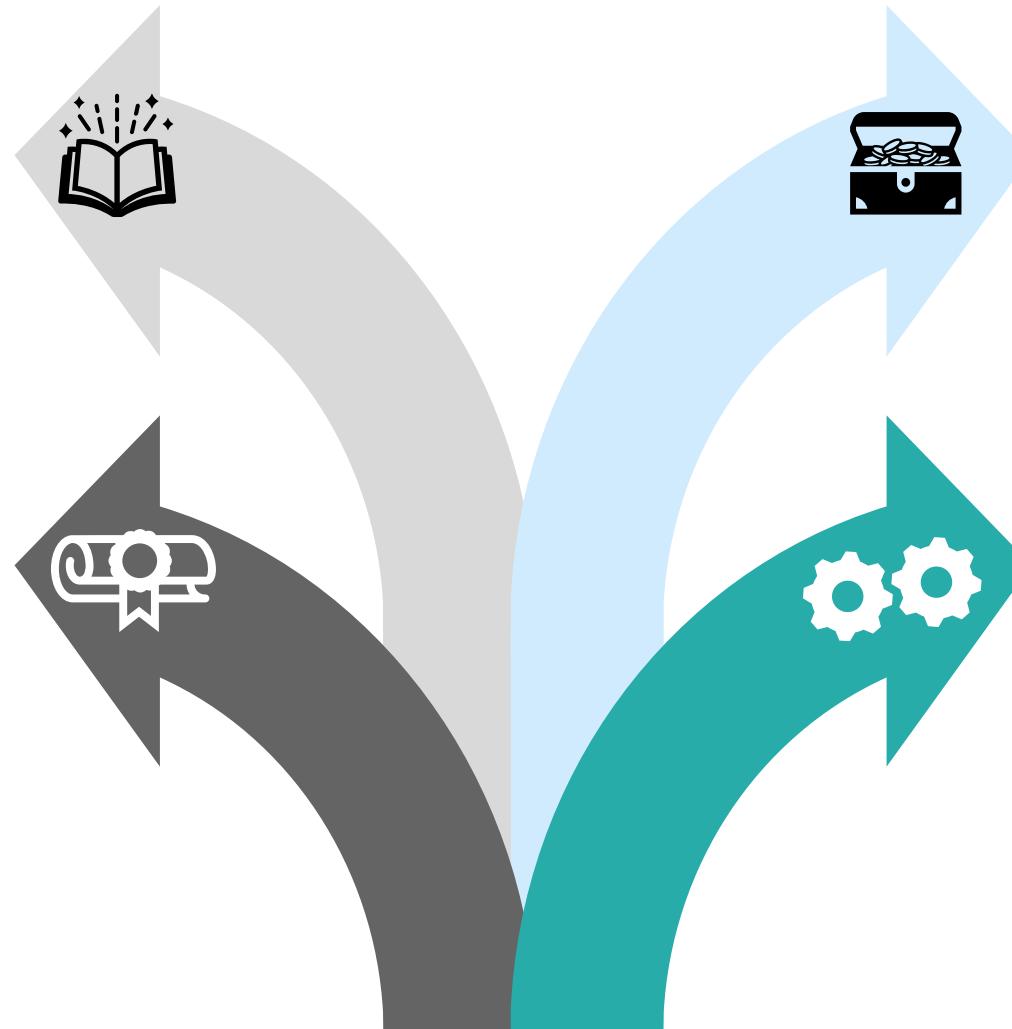
Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Voluntary Pension Schemes

- Ghana's current literacy rate is reported to be 69.8%, making it one of the highest in the West African sub-region.
- This presents opportunities to encourage the population to enrol in voluntary pensions schemes in a bid to building a savings culture.



Broader Coverage

- NPRA expects to explore the introduction of special legislation for the informal sector that will promote coverage through leveraging on the mobile money platform and provide some incentives to members who opt to use that means to plan for their retirement.

Private Equity

- NPRA has recently allowed private equity fund managers the opportunity to tap into some of the GH₵ 22b of capital managed by private pension schemes, thus creating the opportunity for foreigners to invest in such funds.

Key Partnerships

- The GSE has stated that it will increase its engagements with the National Pension Regulatory Authority (NPRA) and its members to boost the pension industry's investments in the real sectors of the economy.
- As the GSE plans to develop products such as green bonds, it presents the opportunity of areas to invest for pension funds.

04

Key investment considerations

Key investment considerations

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Positively Trending Demographics

Ghana's youthful population presents an opportunity for significant economic transformation and growth. The population of 30.8 million, expected to grow at a CAGR of 2% in the next 10 years, is a key driver for the booming financial sector.



Rapid Technological Innovation

Sub-sectors across the financial sector are developing technological infrastructure such as online banking applications that allow customers conduct financial services via online platforms in a seamless manner without stepping foot in the banking hall.

Growing Financial Inclusion

Efforts are being made in all sectors in the financial industry to capture the unbanked population especially, as is evidenced by the astronomical growth in mobile money transactions over the last few years which grew from GH₵ 32.8 b in December 2019 to GH₵ 82.9 b in December 2021.



Imminent Introduction of Green Securities

In line with the SEC's strategic plan, the Ghana Stock Exchange will introduce securities with a focus on sustainability and green practices. Investors will have more options of investment securities thus, as the world is catching on the wave on green business practices.

Entry into Private Equity Pensions Funds

National Pensions Regulatory Authority has allowed pension funds to invest in private equity in recent years. The decision was intended to increase the diversification of Ghanaian pension fund assets as well as providing a much-needed capital boost for the economy.

05

Testimonials



“I recommend Ghana as an investment destination in Africa. Having been in the market for over 14 years, by our own experience, we believe Ghanaians are very hospitable.

Ghana is politically stable and has several opportunities in various sectors including oil and gas, mining and agribusiness, particularly cocoa processing.”

Zenith Bank

06

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07

Appendix



Appendix I: Structure of the Ghana banking sector

Banking Sector

Insurance Sector

Capital and Money Markets Sector

Pensions Sector

Trade Association

Ghana Association of Bankers



BANK OF GHANA

Regulator

Bank of Ghana

Banks

Sources of Capital

Support Services

Financial Services

Financial Products

Uses of Capital

Investors

Fintech and Online Banking

Remittances and Payments

Retail

Savings Account

Loans and Advances

Borrowed Capital

Staff

Foreign Currency Exchange

Fixed Deposit

Investments

Depositors

Automated Teller Machines

Wealth Management

Current Account

Personal Loan

Commercial

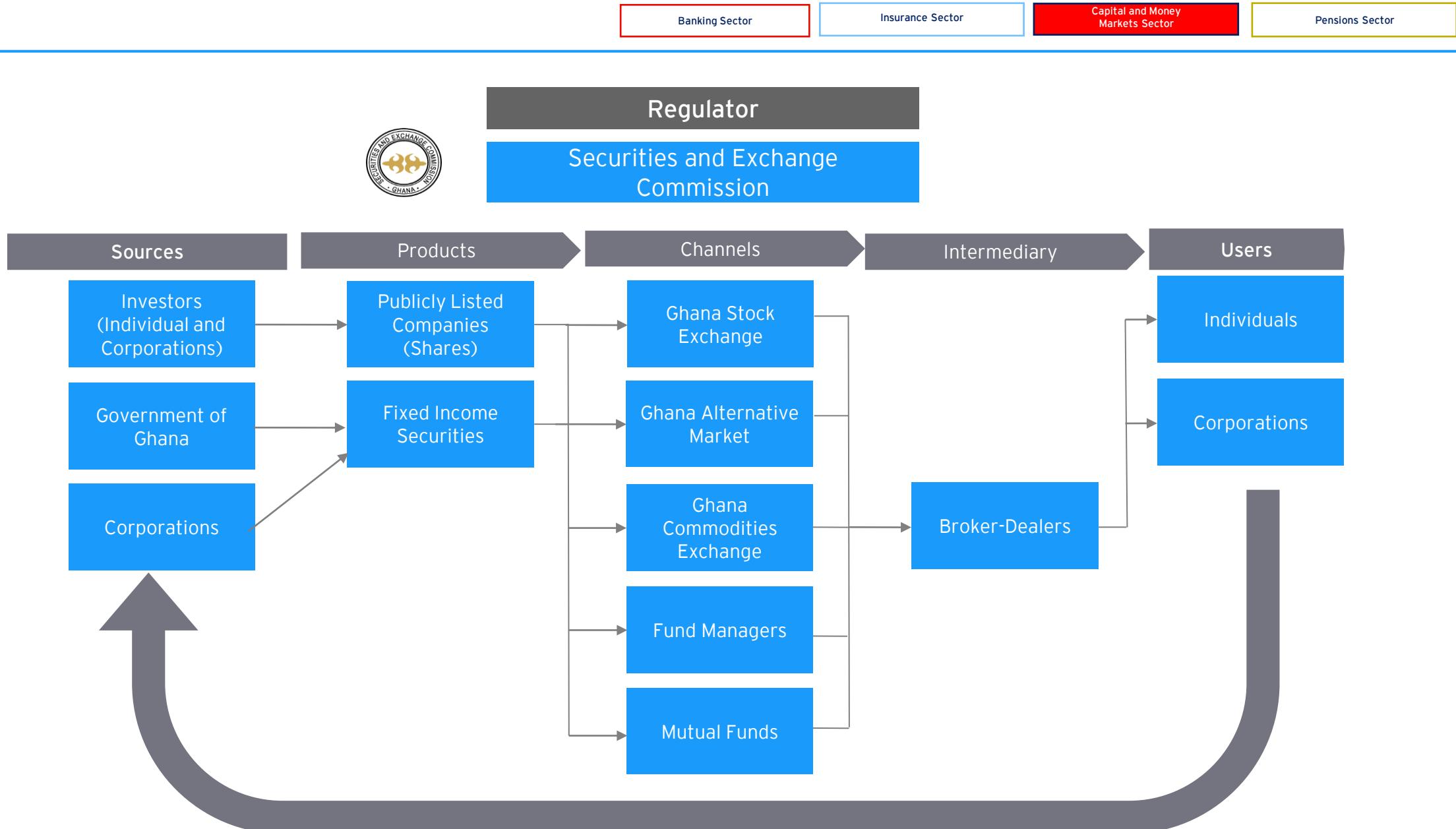
Term Loan

Revolving Credit

Risk Management

Capital Raising

Appendix II: Structure of the Ghana capital market sector



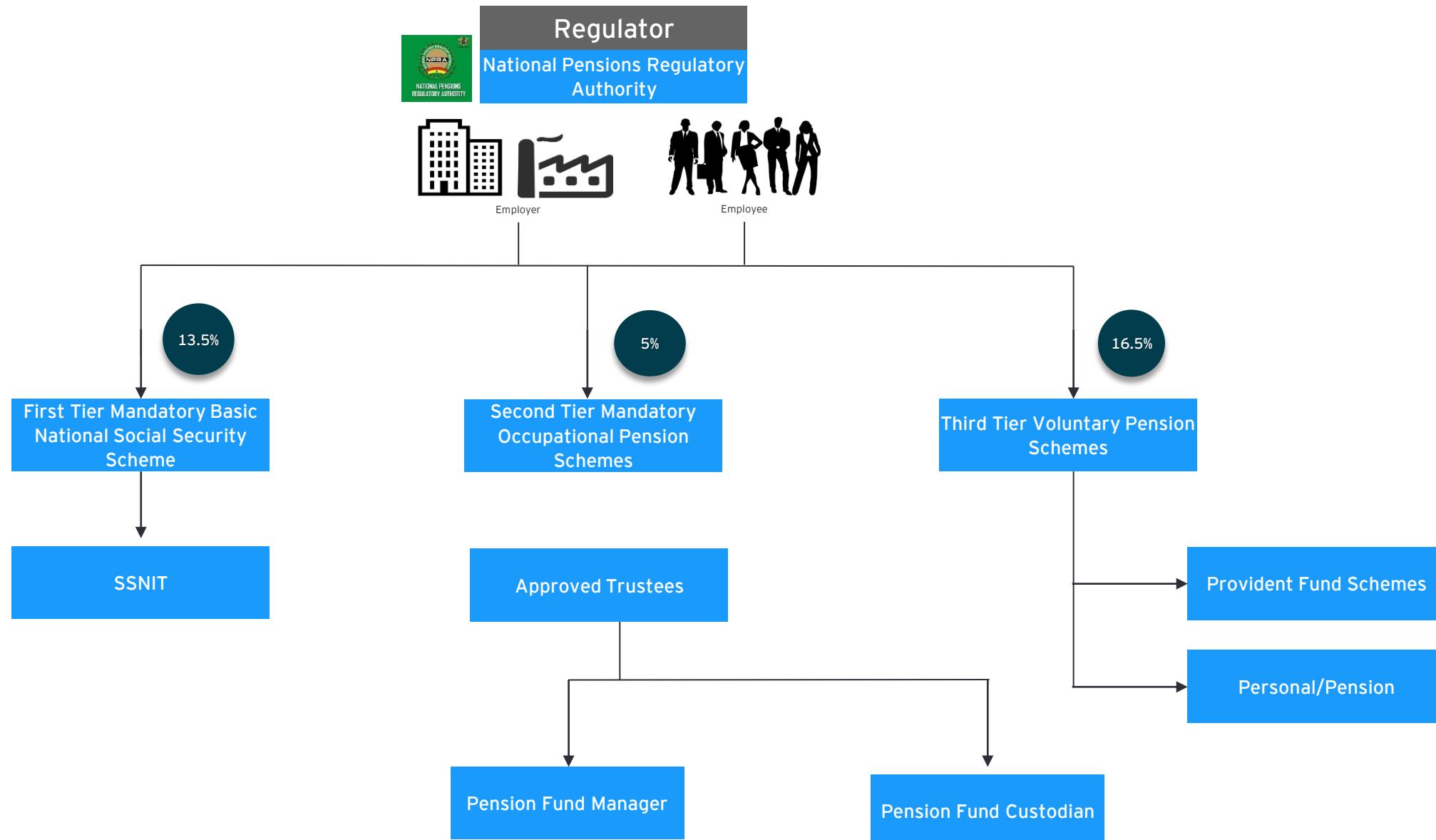
Appendix III: Structure of the Ghana pensions sector

Banking Sector

Insurance Sector

Capital and Money
Markets Sector

Pensions Sector



Appendix IV: List of abbreviations

AfCFTA	African Continental Free Trade Area
AGI	Association of Ghana Industries
BoG	Bank of Ghana
CAGR	Compound Annual Growth Rate
CMMP	Capital Market Master Plan
DBG	Development Bank of Ghana
FSD	Financial Support Direction
GDP	Gross Domestic Product
GSE	Ghana Stock Exchange
MPR	Monetary Policy Rate
NIC	National Insurance Commission
NPRA	National Pensions Regulatory Authority
SEC	Securities & Exchange Commission
SSNIT	Social Security and National Insurance Trust