GHANA ASSOCIATION OF BANKS

Annual Report

2022

GHIC

GAB Health Insurance Company

Owned by Ghana Association of Banks (GAB)

"Bending the Cost Curve"

CLIENT'S REWARD

CONTACT US:

C943/2 Plot 55, 2nd Ridge Link, Johnson Sirleaf Road, North Ridge, Accra.

(+233 302) 255406 / 947461 / 964186 / +233 27 977 3453

info@ghic.com.gh ghic.com.gh

TABLE OF CONTENTS

3
NOTICE AND AGENDA

4
GHANA ASSOCIATION OF BANKS (GAB)
- About GAB
- GAB Structure and Governance

12
MESSAGES
- President's Message
- CEO's Message

24
ECONOMIC AND INDUSTRY REVIEWS
- Economic Review
- Industry Analysis

48
GAB ACTIVITIES
- GAB Activities and Stakeholder Engagements
- GAB in the Media

76
OUTLOOK
- Outlook for 2023

82
FINANCIALS
- GAB's Financial Statements

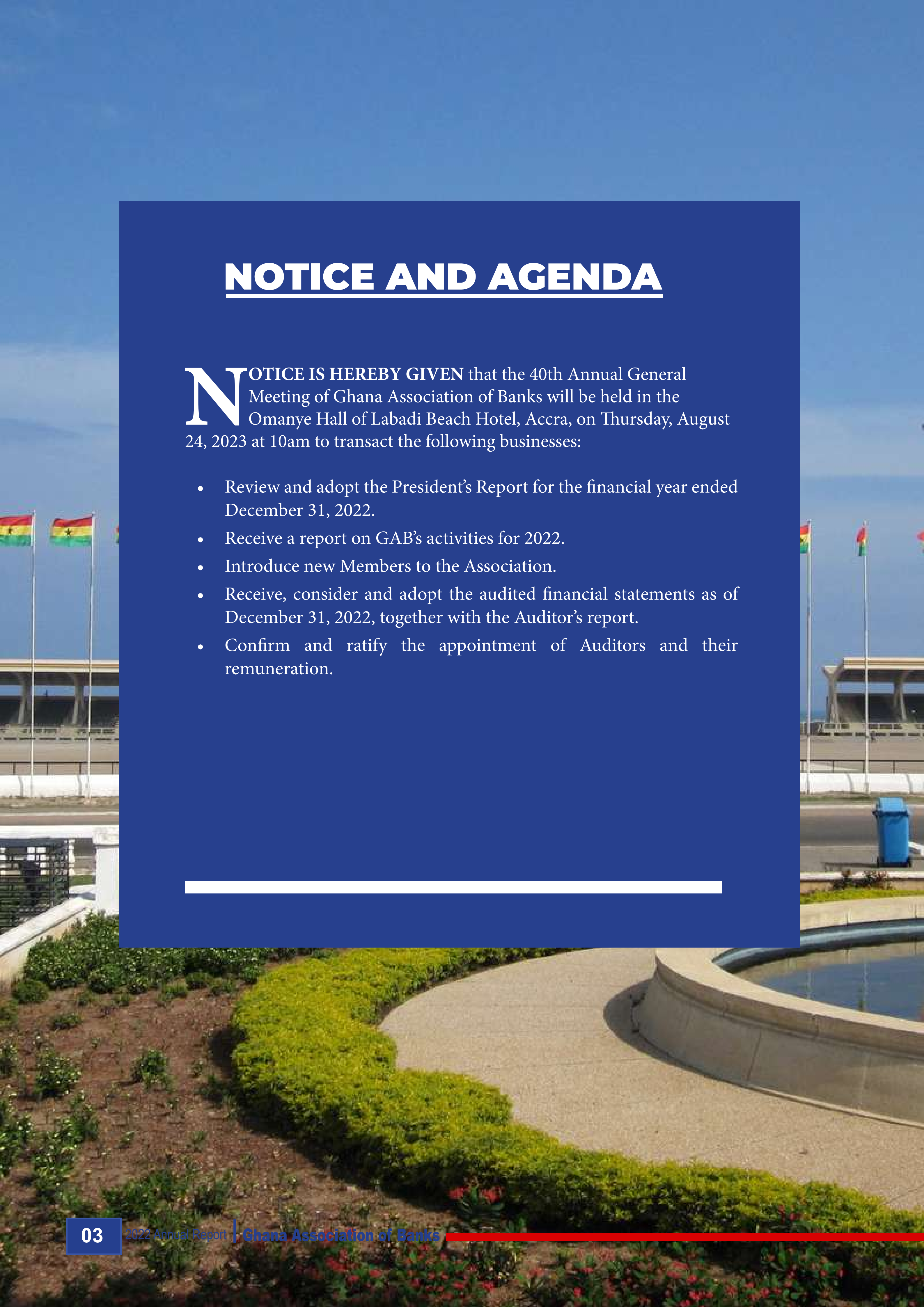
GHANA ASSOCIATION OF BANKS

Ghana Association of Banks

Annual Report

PROMOTING INTEREST OF BANKS AND CUSTOMERS	FOSTERING PARTNERSHIP AND SUSTAINABLE BANKING

NOTICE AND AGENDA



NOTICE AND AGENDA

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of Ghana Association of Banks will be held in the Omanye Hall of Labadi Beach Hotel, Accra, on Thursday, August 24, 2023 at 10am to transact the following businesses:

- Review and adopt the President's Report for the financial year ended December 31, 2022.
- Receive a report on GAB's activities for 2022.
- Introduce new Members to the Association.
- Receive, consider and adopt the audited financial statements as of December 31, 2022, together with the Auditor's report.
- Confirm and ratify the appointment of Auditors and their remuneration.

Ghana Association of Banks

About the Ghana Association of Banks (GAB) 5

GAB Structure and Governance 7

Ghana Association of Banks

About GAB

The Ghana Association of Banks (GAB) remains the country's mouthpiece and advocacy lead for the universal banking industry, currently representing the interests of 25 member institutions (including the ARB APEX Bank, which represents all Rural Banks; and Development Bank of Ghana (DBG).

It is a not-for-profit organisation originally formed to protect the interest and aspirations of its members; and provide a platform for bank-to-bank networking among members. At inception on May 29, 1980, there were seven universal banks in Ghana serving a population of approximately twelve million people. Over the years, membership has evolved; and our member banks have increased in number (currently at 25) mostly arising as a consequence of the economic liberalisation of the country in the late eighties; and partly in line with the economic expansion and population growth of the country.

GAB supports and promotes policies and initiatives that balance the interest of member banks; customer population; and wider stakeholder targets. The Association acts as the connecting rod between its members and the industry regulator; the media, law and policy makers; civil society organisations; and other business organisations or associations and the wider community. Further, GAB promotes good and continuous business relationship among members; proposes and highlights programmes, initiatives and emerging best practices to member institutions; facilitates better understanding of developments in the country; and beyond our borders.

Working with similar global bodies, GAB's work is underpinned by three core priorities:

- **championing and shaping the interest of the industry;**
- **helping customers; and**
- **promoting growth, including supporting Ghana's initiative as the financial gateway to the West African Sub-Region.**

We conduct research, analyse and disseminate information on issues affecting the banking industry's performance and growth prospects. As the mouthpiece for our members, we deploy creative channels in communicating with our stakeholders; and act as thought-leaders in our market and beyond. We invest in and support initiatives aimed at reducing risk factors affecting the industry; and influence policy discussions that create enabling business environment for our members and customers alike. We undertake self-introspection by conducting market surveillance to assess and evaluate the conduct of our members in the market in connection with compliance with banking laws, directives from the regulator, data protection; and treating customers fairly, amongst others.

GAB GHANA ASSOCIATION OF BANKS

Given the difference that knowledgeable and talented workforce can bring to bear on market performance, we assess people's development as critical to the attainment of industry objectives. As a result, we encourage our member institutions to ensure their employees have access to continuous professional development. This is achieved by providing business-specific educational opportunities to member banks.

We carry out our activities by liaising with key stakeholders such as the Bank of Ghana (BoG), Ghana Revenue Authority (GRA), Ghana Interbank Payment and Settlement Systems GhIPSS), Association of Ghana Industries (AGI), Ghana Employers' Associations (GEA), Private Enterprise Federation (PEF); and a host of other business associations, community leaders and Civil Society Organisations (CSOs).

VISION

GAB aspires to become the leading advocacy and network group utilising our unparalleled combination of quality, reach, high standards, openness, collaborative and innovative culture to create a forward moving platform for our member institutions; and other stakeholders. As a national association of universal banks, GAB would progressively work towards being the most influential financial institution body in Africa and beyond.

MISSION

GAB's mission is to support the banking industry in developing best practices and standards; by advocating regulatory, financial and economic policies that are in the broad interest of its members; and foster stability in the financial services sector, thereby ultimately engendering national economic growth and prosperity. We aim to be the sole voice of banks in Ghana; deploying unified voice for universal banks in the country in the areas of legislations, economic and fiscal discussions, market conduct, media interaction, financial stability and community development initiatives.

VALUES

As a representative body of an industry that builds on trust, our core values hold supreme and true to our 'Trust' foundation. As a consequence, our corporate values are a balancing act of Fairness, Responsiveness, Integrity, Sustainability and Confidentiality (FRISC):

Fairness

Our Fairness attribute transcends Honesty, Decency, Impartiality and Propriety.

Integrity

We operate with Probity, Principle, Candour and Sincerity.

Sustainability

We believe in Continuity, Viability and Feasibility of Operations.

Responsiveness

We strive to understand our member institutions, observe market practices and deploy open-mind in our engagements.

Confidentiality

We guarantee Privacy of deliberations.

STRUCTURE AND GOVERNANCE

The Ghana Association of Banks remains the national organisation of banks in the country. It was formed on May 29, 1980. Contemporary activities and operations of GAB are governed by the Revised Articles of Association adopted during 2022 financial year.

The Association seeks inter alia to promote, strengthen and improve on relations among Ghanaian universal banks; ensure effective representation of member banks on national discourse related to fiscal, monetary and other economic issues; with significant impact on effective performance of the financial system.

Further, GAB seeks to advance the cause of member banks through effective contribution of the banking industry to accelerated development of agriculture, industry, commerce and services; while engaging and dialoguing with regulatory authorities, government and other key stakeholders in the private sector towards shaping policy; and regulations related to financial intermediation, among other pertinent considerations.

Membership of the Association is open to all licensed universal banks operating in accordance with the Banks and Specialised Deposit-Taking Institutions Act of 2016, Act 930; or any other legislation that remains in force and regulates the activities of Ghanaian banks and the Association of Rural Banks (ARB) Apex Bank; as well as the Development Bank of Ghana (DBG). The ARB Apex Bank represents rural banks in the country; while DBG was established under the Development Finance Institutions Act of 2020, Act 1032, to provide funding, guarantees and other credit enhancing structures to essential sectors of the economy; in a manner that is deemed financially sustainable.

The Governor of the Bank of Ghana remains an Honorary Member of the Association; and may attend the Association's meetings in person. Alternatively, the Governor may be represented by a nominated Deputy Governor of the Bank of Ghana. Respective Managing Directors (MDs) of member banks are expected to attend all meetings of the Association. In their absence,

Senior Executives not below the grade of a Director shall attend. A Senior Executive so-appointed should have been appointed by the implied Managing Director in prior period or periods.

Pursuant to its fundamental objectives, the Association strives to champion the exchange of ideas and experiences in the fields of banking and financial intermediation through the organisation of periodic meetings, seminars, conferences and short courses. Further, the Association sponsors research on pertinent issues with impact on the banking and financial sector; and other issues bordering on the economy in general. Outcomes of the research are published or disseminated as the Governing Council may deem appropriate.

The Association has three major organs. These include the Governing Council, General Assembly and Administrative Office. The Governing or Executive Council remains the supervisory arm of the Association. Its membership comprises Managing Directors of the five largest banks, referred to as Tier I banks; two Managing Directors who are representatives of the next five large banks (known as Tier II banks); two Managing Directors, representing all other banks (called Tier III banks); and the Chief Executive Officer of the Association. The Governing Council may co-opt one additional Managing Director to the Council. This may become necessary if the Council seeks specific interest or skill that is not available in its constitution or composition by tiers.

The highest decision making body of the Association is the General Assembly or Council. It comprises a representative each of all member banks of the Association. Specific functions of the General Council include, but not limited to granting of honorary membership; amendment of the Articles of Association; election of persons to various offices of the Association; readmission of a suspended Member after successful appeal; review of Membership fees and other financial contributions; exclusion of a Member; and dissolution of the Association.

MEMBERS OF THE

GOVERNING COUNCIL

OF GHANA ASSOCIATION OF BANKS

MANSA NETTEY — PRESIDENT
Ghana Association of Banks
MD, STANDARD CHARTERED BANK

DAN SACKEY — VICE PRESIDENT
Ghana Association of Banks
MD, ECOBANK

ABENA OSEI-POKU — MEMBER
MD, ABSA BANK

HENRY CHINEDU ONWUZURIGBO — MEMBER
MD, ZENITH BANK

JULIAN OPUNI — MEMBER
MD, FIDELITY BANK

KOFI ADOMA- — MEMBER
MD, GCB BANK

KWAMINA ASOMAN- — MEMBER
MD, STANBIC

PHILIP OWIREDU — MEMBER
MD, CALBANK

SAMUEL SARPONG — MEMBER
MD, NATIONAL INVESTMENT BANK

JOHN AWUAH — MEMBER
CEO, GHANA ASSOCIATION OF BANKS

GENERAL COUNCIL OF THE
GHANA ASSOCIATION OF BANKS


ABENA OSEI-POKU
MD / ABSA


OLUMIDE OLATUNJI
MD / ACCESS BANK


ALHASSAN YAKUBU-TALI
MD / ADB


ALEX K. AWUAH
MD / ARB APEX


KOBBY ANDAH
MD / BOA


PHILIP OWIREDU
MD / CAL BANK


DANIEL ADDO
MD / CBG


KWAMINA DUKER
CEO / DBG


DAN SACKEY
MD / ECOBANK


VICTOR ASANTE
MD / FBN


JULIAN OPUNI
MD / FIDELITY


ODUN ODUNFA
MD / FAB


WARREN ADAMS
MD / FNB


KOFI ADOMAKOH
MD / GCB


THOMAS ATTA JOHN
MD / GT BANK


SAMUEL SARPONG
MD / NIB


DANIEL ASIEDU
MD / OmniBSIC


BERNARD GYEBI
MD / PRUDENTIAL


BENJAMIN DZOBOKU
MD / REPUBLIC


HAKIM OUZZANI
MD / SG BANK


KWAMINA ASOMANING
MD / STANBIC


MANSA NETTEY
MD / STANCHART


CHRIS OFIKULU
MD / UBA


NANA KWADWO DWEMOH BENNEH
MD / UMB


HENRY CHINEDU ONWUZURIGBO
MD / ZENITH

ADMINISTRATIVE OFFICE

Administrative Office of the Association is located at Number 12 Tafawa Balewa Street, North Ridge, Accra. The Office is headed by the Chief Executive Officer, appointed by the Governing Council. The Chief Executive Officer is supported by three Divisional Heads, namely Head, Banking Operations, Risk and Cyber Security; Head, Research, Media, Business Intelligence and Market Conduct; and Head, Legal, Ethics, Compliance and Welfare. Employment terms and conditions of the Chief Executive Officer and Divisional Heads are determined by the Governing Council.

GAB SECRETARIAT TEAM

Mr. John Awuah
(Chief Executive Officer)

Dr. Ebenezer Ashley
(Executive Head of Research, Media, Business Intelligence & Market Conduct)

Mrs. Audrey Mnisi Mireku
(Banking Operations, Risk and Cyber Security Specialist)

Mr. Dan Opare
(Convener; Anti-fraud and Forensics, Security, Compliance & Anti-Money Laundering)

Ms. Jane Keziah Karikari
(Administrative Manager)

Mr. Lawrence Sackey
(Research Manager)

Ms. Rita Alifo
(Administrative Assistant)


GAB
GHANA ASSOCIATION OF BANKS
Magnificent Venue For Outdoor
EVENTS
for Banks and Staff of Banks ONLY!
Suitable for Outdoor Conferences, Meetings, Weddings, Workshops, Picnics, etc.
0302 667 138 / 0302 670 629
info@gab.com.gh
NO. 12 Tafawa Balewa Avenue, GA-029-4444, North Ridge, Accra

Key Messages

President - Ghana Association of Banks 13

CEO - Ghana Association of Banks 19

> Banks within the industry understood and appreciated the exigency; and grave need to support the government towards regaining economic stability, a crucial factor to the continuous existence of all state and private sector institutions.

MANSA NETTEY

President, Ghana Association of Banks (GAB) & MD for Standard Chartered Bank

On the 40th Annual General Meeting (AGM) of our distinguished Association, I deem it privileged and honoured to acknowledge and share the immeasurable contributions of the Membership of the Governing and General Councils; and contribution of our Auditors to the momentous journey in the chronicled history of the Association. Further, it is with great pleasure and deepest sense of gratitude that I present highlights of the pertinent events recorded in the banking industry after December 31, 2021; and prior to this year's Annual General Meeting.

The role of banks as forebearers for social change; and their role as active partners in national and global efforts aimed at building robust and sustainable finance initiatives, with the ultimate objective of propelling growth; while ensuring greater financial inclusion during tough and challenging economic moments, cannot be over-emphasised.

A forecast by Deloitte (2021) affirmed global banks were envisaged to make provision for US$318 billion in net loan losses between 2020 and 2022. Further, yields were projected to remain below historical levels; while unemployment was estimated to surge above the rate recorded during the global financial crunch. The foregoing statement is indicative of how the adverse effects of COVID-19 were expected to spiral into successive financial periods; with banks in general, incurring substantial losses during the financial year under review.

After surviving the ravages of COVID-19 from 2020 through 2021, the banking industry in 2022 was again, gently obnubilated by the trickle-down effect of the Russia-Ukraine war; the latter caused massive historic financial energy shock that triggered global inflation to higher levels. This, along with the government's inability to meet revenue targets from e-levy; and other targeted sources precipitated high levels of macroeconomic instability, with debt levels skyrocketing to unsustainable levels.

In attempts to "clamp-down" on inflation, which has bi-directional relationship with interest rates and exchange rates, the Monetary Policy Committee (MPC) of the Bank of Ghana (BoG) increased the policy rate by 1250 basis points in 2022. However, the ruthless monetary policy tightening cycle proved insufficient or ineffective towards taming surging price levels. Rather, headline inflation increased from 13.90% in January 2022 to a staggering 54.1% in December 2022. Similarly, public debt-to-GDP ratio surged above 90%; while the local currency (Ghana Cedi) slipped against major international currencies such as the British Pound Sterling, European Euro and United States Dollar.

In the midst of all the macroeconomic headwinds, the banking industry remained profitable; and resilient from the first through the third quarters in 2022. Performance in the third quarter was impressive, as the published financial statements of most universal banks depicted profits. The respective year-on-year industry loans and advances to customers; total deposits by customers; total operating income; and profit-after-tax at the end of the third quarter increased by 47.97%; 31.26%; 23.71%; and 18.83%.

Sustained growth in deposits reflected in robust growth in total assets during 2022 (GH¢209.02 billion) comparative to 2021 (GH¢175.86 billion); albeit capital levels decreased during the period (from GH¢26.49 billion in 2021 to GH¢20.57 billion during 2022). Non-performing loans (NPLs) ratio, which is quite instrumental in the measurement of the quality of the industry's assets increased during the financial year under review; while the industry's stability, resilience, capacity to absorb risks and enhance financial intermediation were tested by the banks' performance during 2022. The sustained growth in deposits plausibly depicted customers' trust in the banking industry as huge potential for asset transmutation for the financial sector.

Nonetheless, performance of the industry during the last quarter of 2022 thumped, as government finally declared its intention to engage the International Monetary Fund (IMF) in talks towards credit facility; and towards imminent discussions on restructuring of the country's debt, with special emphasis on the Domestic Debt Exchange Programme (DDEP). This Programme (DDEP) was described by many experts as "necessary evil" and "bitter pill" for the banking industry.

However, banks within the industry understood and appreciated the exigency; and grave need to support the government towards regaining economic stability, a crucial factor to the continuous existence of all state and private sector institutions. Sad to relate, implementation of DDEP fuelled significant impairment losses for the banks; overall, the industry incurred loss of GH¢6.02 billion during 2022 financial year.

The preceding statement lends strong credence to the inevitable fact that, to ensure successful outcome of the government's programme on debt restructuring, member banks defied all odds and remained committed to the national cause for strategic solutions.

On this note, I wish to commend all the Managing Directors (MDs) and Chief Executive Officers (CEOs); as well as individuals and various Working Groups established with Memberships from member banks for their strong co-operation and unwavering support towards industry-wide initiatives; and towards complementing government's efforts at finding immediate- medium- and long-term solutions to the economic crisis.

Indeed, your indefatigable roles and commitments positively advanced the cause of the Association towards meaningful contribution to successful implementation of the domestic debt exchange programme.

Consistent surge in Ghana's total debt in recent years raised concerns about managers of the economy's ability to ensure sustainability; and possible decline in total national debt in the immediate- and medium-term. Recent statistics released by the International Monetary Fund indicated, Ghana's debt-to-GDP ratio for 2022 was projected at 84.6%, up from the 81.8% recorded during the previous year (2021).

As at June 2022, Ghana's total debt stock was GH¢393 billion, which remained GH¢41.2 billion higher than the value reported at the end of the preceding year (GH¢351.8 billion); and GH¢1.1 billion in excess of total debt as at March 2022 (GH¢391.9 billion). During its recent debt sustainability report, IMF classified the Ghanaian economy as high risk of debt distress, thereby necessitating the adoption and implementation of fiscal measures that would assure debt containment, going forward.

Recall, debt restructuring remains one of the tools used by sovereign countries when saddled with acute fiscal and economic stress. The restructuring strategy may be focused on external debt or domestic debt; or both. In essence, domestic debt restructuring could play a

"Domestic creditors including banks suffered losses since they tend to predominate domestic debt holdings."

crucial role towards the resolution of current and future national debt crises.

Further statistics affirmed, average sovereign domestic debt of emerging markets and developing economies over the past two decades has surged from 36% to 46% of total sovereign debt.

Generally, Ghana was expected to ensure the implementation of rigorous and credible medium-term consolidation plan that would maintain total debt on a declining trajectory; while ensuring continued market access. The International Monetary Fund maintained, restructuring of the country's current debt was contingent on the outcome of the World Bank/IMF Debt Sustainability Analysis Report.

IMF indicated, outcomes from the debt sustainability analysis informed areas of the economy requiring restructuring, that is, whether the focus should be on domestic debt or external debt restructuring. In each case, spill-over effects on individual investors, institutional investors; households and the economy as a whole, remained inevitable.

The government's debt restructuring decision had general effects on the economy; and specific effects on the banking industry. At the broader (economic) level, the country's international credit ratings were severely impacted; while consistency in the attraction to foreign direct investments (FDIs) was adversely affected.

Further, Ghana's ability to regain access to the international financial market in the immediate-term was assessed and determined to be quite remote; even with or without an IMF programme; confidence of existing investors in the economy was believed to be partially eroded; while capital flight was considered an option by some foreign investors.

Marked-to-market losses for fund managers were estimated in several billions of United States Dollars; while the local currency (Ghana Cedi) was weakened further by increasing demand for major foreign trading currencies such as the United States Dollar.

Effects of the domestic debt exchange programme on banks and other financial institutions within the Ghanaian economy were quite dire. To illustrate, most banks in the country had high exposure to government debts; the latter constituted significant component of banks' assets. Thus, government's decision to restructure its sovereign domestic debt had severe implications for the banking industry; the initiative implied cutting down government's debts to banks.

Further, key performance indicators (KPIs), including capital adequacy ratio (CAR) of banks were strongly impacted by the sovereign domestic debt restructuring. The capital adequacy ratio serves multiple purposes: it helps in determination of solvency of banks; and helps in the measurement of banks' ability to absorb potential losses emanating from bad loans. In view of the foregoing, the analytical prowess of banks was weakened when CAR was severely impacted.

Domestic creditors including banks suffered losses since they tend to predominate domestic debt holdings. The sovereign debt distress easily spread through this medium to banks, pension funds, households; and other parts of the local economy. Stated in different terms, the decision to apply a haircut to sovereign domestic debt had adverse implications for effective operations within the banking industry; while the financial system and its related stability were severely impacted. This trickle-down effect added to, rather than subtract from, the economic challenges that necessitated government's consideration for debt restructuring.

The challenges notwithstanding, banks remained committed to the implementation of pragmatic policies and measures that would assure an industry that is characteristically resilient, stable; and has the capacity to absorb risks and deepen financial intermediation and inclusion in the immediate-, medium- and long-term.

In order to firm-up any decision on domestic debt restructuring and ensure its effective contribution to accelerated economic recovery, the necessary fiscal support required by the Bank of Ghana was provided by the government to ensure its continued effective functioning as the Regulator. The government, through the Bank of Ghana, considered ad hoc measures that could effectively mitigate panic-driven withdrawals and capital flights.

Measures that would mitigate banks' losses; and mitigate losses incurred by non-bank institutional investors and households were rolled-out by the government. The effect on banks was slightly minimised by the extended maturities (and not written-off debts); and lower policy rate, rather than reduction in the nominal amount of the outstanding claims.

The foregoing notwithstanding, sustainability of public debt and liquidity would be restored if the rigorous and credible consolidation plan intended for implementation is strategically structured to restore macroeconomic stability; ensure tremendous improvement in the country's primary balance, access to market; and place the country's debt on a declining trajectory.

The complementary role of banks in the national cause towards debt sustainability and economic freedom is exemplified in their (banks') commitment towards the implementation of internal mechanisms that would assure the industry's robustness and resilience to internal and external economic shocks.

Banks consistently strive towards early recognition of losses; and these losses are paired with a strategy that would assure restoration of banks' capital buffers. To ensure effective functioning of the banking system; and shore up public confidence, the Bank of Ghana introduced system-wide emergency support that would facilitate banks' conversion of illiquid assets into cash. This intervention is expected to create the enabling environment for banks' retention of existing customers; attraction of prospects; and mobilisation of more deposits to ramp-up the value of money that circulates within the economy through the banking and financial system; while contributing meaningfully to economic stimulation.

It is refreshing to state, prudential financial data released by member banks during the first quarter (Q1) of 2023 affirmed robust and resilient performance of the industry. To build on these positive exploits, the industry has rolled-out measures that would ensure significant improvement in asset quality during the current financial year and beyond. Notable among these include strengthening existing metrics for credit risk assessment; expanding loan books; and intensifying loan recovery efforts. In addition to the foregoing, the industry is strategically targeting private sector credit growth to deepen financial intermediation.

Banks remain committed to co-operating with the government, relevant ministries and regulatory bodies to ensure quick turn-around of the industry from the current economic challenges. However, the success of this brilliant initiative is premised on concerted efforts; and strong support from the Bank of Ghana and other key stakeholders, both local and foreign, within the financial ecosystem. Continuous support from the Regulator is required to propel and sustain efficiency in the operations and performance of institutions in the banking industry.

The industry is not oblivious of how adverse consequences; and subsequent improvements in the domestic debt restructuring programme would require careful evaluation by the banks and major stakeholders such the government, Ministry of Finance and Bank of Ghana; to assure and offer potentially superior restructuring mechanism.

Regular stress-testing, scenario planning and scenario testing; rigorous market research; implementation of more robust risk assessment and management system; and possible hedging of positions taken in securities investments are some of the strategic measures outlined by member banks to ensure resounding success of the industry in post-DDEP.

Further, member banks are accelerating their collaboration with Fintech companies to facilitate development and deployment of new banking products and services that would innovatively address identified gaps in the financial market. Moreover, increased public confidence and trust would potentially lead to the attraction of more foreign direct investments (FDIs) and local investments to the banking industry. All else held constant, this would increase the contribution of shareholders' funds to assure stronger balance sheet.

The Association's collaboration with the Anti-Fraud and Forensics Network (AFFN) during 2022 financial year facilitated fraud risk management; knowledge sharing and training; investigations and forensic analysis; and partnerships with law enforcement and regulatory authorities. Others included policy advocacy; activities focused on addressing various fraud typologies including social engineering; awareness and training programmes; effective media engagements to highlight potential threats of cloned cheque fraud and Sim-Swap fraud. The collaboration allowed GAB and AFFN to organise several knowledge sharing events to promote partnerships; and exchange expertise among member banks.

The spate of armed robbery attacks on financial institutions in recent years made it expedient and exigent for banks and cash-in-transit (CIT) companies to acquire standardised armoured cash vehicles for CIT operations in the country. However, the approval process for CIT companies and banks to acquire the necessary No Objection Certificates (NOCs) for the importation of armoured vehicles was persistently slow.

Consequently, the affected institutions were faced with the challenge of not meeting the central bank's deadline, resulting in the accumulation of demurrage fees; and other incidental charges from their vehicle suppliers. Recognising the urgency of the matter, the Ghana Association of Banks took the initiative to engage the Ministry of the Interior to expedite the approval process; and mitigate the financial burdens faced by member banks.

During the current financial year, seminar on principles of capital adequacy and liquidity of banks would be organised to provide platform for key and relevant stakeholders in the banking industry to hold extensive deliberations on the subject to improve general understanding of stakeholders on the principles underlying the determination and application of capital adequacy ratio in banking operations; while meeting pertinent regulatory requirement.

Building credibility for institutions in the banking industry; and positioning the Ghana Association of Banks as repository of reliable source of valuable information, insight and knowledge remain some of the cardinal objectives of the Association. To inch very close to the realisation of this objective, thought leadership meetings would be organised during the current financial year. Consistent with prior periods, the initiative is expected to create an enabling environment for professionals within and outside the banking industry to meet periodically to express and share relevant business-and-growth-driven ideas.

Undoubtedly, potential strategic relevance coupled with immense ability to tap into expected growth in the financial sector remains the key, driving the banking industry's aspirations to lead both the digital drive; and transformation of the Ghanaian economy. As a result, the launch of industry-wide mobile wallet services (GhanaPay) remained one of GAB's priorities during the previous year.

The overarching idea underpinning the launch of GhanaPay was to ensure member banks maintain shared platform that provides bigger transactional ecosystem by pulling resources; and penetrating the Wallet space. The initiative is envisaged to inch institutions in the banking industry close to their aspiration. That is, consistently strive to become leaders of both digital drive and economic transformation.

Reiteratively however, strategic importance of the above initiative is contingent to a large extent on the industry's ability to tap into the expected growth in the operations of key service providers such as the Ghana Interbank Payment and Settlement Systems (GhIPSS). Fortunately, the Association is not relenting; and currently spearheading the initiative of member banks to acquire 51%-stake in GhIPSS through an offer for a considered sum of GH¢272 million. GAB would partner GhIPSS in monitoring the threat landscape; and generate comprehensive reports to assist member banks in management decision-making.

An integral part of activities outlined by the Association for the current financial year includes comprehensive assessment of risk inherent in the banking industry. The purpose is to facilitate identification of areas of vulnerability and risk; and their impact on the industry. A comprehensive assessment would be carried out to identify the foregoing threats within the banking industry, with special emphasis on staff motivation; and staff welfare.

In response to the recent contraction and macroeconomic instability, the government seeks to implement structural changes that would propel growth in the economic activities of small- and medium-sized enterprises (SMEs). The Association is committed to complementing government's efforts by encouraging and promoting active participation of member banks; and by conducting analysis of how rising interest rates influence SMEs' access to credit, among other pertinent macroeconomic considerations.

Environmental, social and governance (ESG) have been identified as one of the megatrends with strong potential of shaping the global business landscape over the next decade. Throughout the world, many investors are developing growing interest in benchmarking their decisions on investment to the ESG capabilities of targeted corporate bodies.

The foregoing amply demonstrates growing importance of ESG in recent years; and the need for banks to consider its inclusion in strategies that are carefully designed to drive corporate success; and assure competitive edge. Massive investments in ESG have the potential to create tremendous opportunities for banks. However, due diligence is needed to ensure the massive investments do not pose significant risks to the business portfolios of banks.

Banks operating in Ghana are uniquely positioned to benefit from the exponential growth in the sustainable finance market, which is estimated to exceed US$50 trillion within the next five years. In view of the foregoing, banks are leveraging on existing opportunities to ensure efficiency in their management of ESG-related risks through funding activities.

Massive investment in ESG should be prioritised to accelerate its pace of prominence and adoption, so banks would have the unique opportunity to remain proactive; rollout pragmatic measures that would assure their competitiveness; always remain ahead of and exceed stakeholders' expectations; and increase their attraction to both local and foreign investments.
In essence, ESG remains a major desideratum; embedding ESG into banks' winning business strategies remains paramount and inevitable in contemporary periods.

Thank you.

Mrs. Mansa Nettey
(President, GAB)

The Ghana Association of Banks (GAB) remains strongly committed to ensuring global competitiveness and recognition of anchor banks by complementing their efforts towards efficiency and effectiveness in customer service delivery; sustainable business operations; accelerated growth of the industry and financial sector; and steady growth in the national economy.

JOHN AWUAH

CEO, Ghana Association of Banks (GAB)

On the occasion of its 40th Annual General Meeting, the Ghana Association of Banks (GAB) wishes to acknowledge and express its deepest gratitude to the Bank of Ghana (BoG), Ministry of Finance (MoF), Ghana Revenue Authority (GRA), Ghana Interbank Payment and Settlement Systems (GhIPSS); Economic and Organised Crime Office (EOCO), Financial Intelligence Centre (FIC), Ghana Police, Cyber Security Authority (CSA); International Finance Corporation (IFC), World Bank, German Development Co-operation (GIZ); Chartered Institute of Bankers – Ghana (CIBG), KPMG; and other key stakeholders for their inputs, collaboration and strategic interventions toward ensuring banks operating in Ghana are consistently empowered to remain competitive; and adequately equipped to meet the needs of customers and consumers; while effectively assuming their enviable role in national economic development and growth.

Strategies adopted by banks after COVID-19 to shore up their industry's performance proved prescient, as the identified strategies placed these financial institutions in an advantageous position to face unique challenges posed by the pandemic. These productive strategies translated into strong performance in the first through third quarters of 2022.

Improvements in assets quality translated into significant increase in both assets and deposits; while higher minimum capital requirement ensured banks were more resilient to shocks. This positive trend continued into the third quarter of 2022, bolstered by both improving service provision for existing customers; and attracting prospects in the underbanked and unbanked segments of the population.

Banking penetration increased in response to sustained collaborative efforts of government and banks to boost financial inclusion by bringing previously unbanked individuals into the formal financial sector through financial literacy education and campaign programmes.

Banks in the industry were coasting through the 2022 financial year until discussions by the International Monetary Fund (IMF) and Government of Ghana on the latter's debt restructuring programme, specifically the domestic debt exchange programme (DDEP), reared their unfavourable heads; and dominated national economic discourse, thereby sending the industry onto uncharted performance path.

Member banks were impelled to swallow a "bitter pill." That is, they had to take the difficult decision to work closely with managers of the Ghanaian economy to secure an IMF programme that could potentially stabilise and accelerate recovery; and stimulate the economy towards desired growth levels.

Government's resolve to implement DDEP fuelled huge impairment losses for the industry, especially banks with substantial portion of their investments in government securities. This translated into losses for the industry with the exception of institutions such as Société Générale (SG); United Bank for Africa (UBA); First Bank of Nigeria (FBN); Bank of Africa (BOA); and Guarantee Trust (GT) Bank, who recorded profits. Overall, the industry incurred loss of GH¢6.02 billion during the financial year under review.

In spite of the economic challenges, the number of universal banks (23) in the country did not drop; while total Membership (24) of the Association was not adversely impacted. Rather, a new Member, Development Bank of Ghana (DBG), was admitted, increasing total Membership to 25.

During the financial year under review, the International Finance Corporation (IFC) of the World Bank Group extended an invitation to the Ghana Association of Banks to attend the Countering Trade-Based Money Laundering (TBML) Trainers' Programme, in Istanbul, Turkey. The Programme, which was held from November 14 through 16, 2022, attracted participants from selected bankers' associations across the globe. The Ghana Association of Banks was ably represented by its Chief Executive Officer (CEO); and Head of Compliance at the Société Générale Bank – Ghana.

The invitation was in fulfilment of one of IFC's current development objectives of providing support for banks in emerging markets, specifically in the areas of prevention and detection of trade-based money laundering. The Programme afforded participants the opportunity to be trained on TBML prevention; so, they would in turn, train their bank members.

A two-day residential workshop organised by the Private Enterprise Federation (PEF) facilitated its engagement with GAB, Parliament, duty bearers and other stakeholders towards the adoption and implementation of a tiered tax system in Ghana. The workshop helped to build the capacity of selected micro-, small- and medium-sized enterprises (MSMEs) to ensure their readiness; and competitiveness during implementation of the Africa Continental Free Trade Area (AfCFTA).

Deliberations at the workshop revealed, the tiered system has the potential to augment the country's revenue that is mobilised through taxation; increase the availability of funds for national commitments; enhance economic stimulation; reduce targeted borrowing amount for national development and other purposes; and chart the economy on the course of resilience and stability.

A consultative meeting held between the Ghana Association of Banks and Cyber Security Authority (CSA) during the financial year under review helped to address issues related to the role of banks in ensuring secure and resilient Ghana; while strengthening partnership between the two organisations. The meeting, which was also attended by representatives from the Bank of Ghana (BoG), focused on strengthening cybersecurity measures; and implementing the Cyber Security Act 2020 (ACT 1038).

GAB and CSA emphasised the importance of securing the banking industry as critical information infrastructure (CII); and pledged to collaborate with security institutions to enhance security. The parties agreed to review existing cybersecurity directives; sign an MoU for capacity building and awareness; foster multi-stakeholder engagement; establish sectorial CERTs; and promote information sharing through an industry forum. The partnership aims to safeguard Ghana's financial system and protect against cyber threats.

GAB attended the conference organised by the Islamic Finance Research Institute Ghana (IFRIG), in collaboration with the International Centre for Islamic Culture and Education (ICICE); International Institute of Islamic Banking and Finance, Bayero University, Kano (IIBF-KUK); Zakat and Sadaqah Trust Fund of Ghana; and S.A.I.D Academy. The conference was the third in the series; and organised under the theme: strengthening financial inclusion through ethical financing.

Experts and professionals invited to the conference took turns to share their thoughts and expertise with participants. Various presentations bordered on ethical banking and finance principles; ethical finance and UN SDGs; sukuk and infrastructure financing; emergence of urban capital; and legal perspective on banking in Ghana. Quite importantly, the proposed bank (Urban Capital) is expected to operate in tandem with the Banks and Specialised Deposit-Taking Institutions Act of 2016, Act 930.

The Ghana Association of Banks collaborated with the Ministry of Trade and Industry (MoTI) towards the establishment of Technical Working Group for Vehicle Financing Scheme for the Ghana Automotive Development Programme. To ensure success of the Initiative, GAB nominated two executives from member banks; and names of the nominees were listed and presented to the Ministry of Trade and Industry.

A collaboration among GAB, Police and BoG led to the development of a framework for cash-in-transit operations in the country. The collaboration enabled the member institutions to fine-tune their operating models for CIT operations; while ensuring strict compliance with established requirements and standards. The constituted Committee reviewed current process implemented by the three organisations and CIT companies within the industry; designed framework for implementation of the requirements and established standards; assessed the effectiveness of similar arrangements in other jurisdictions; and advised the Ministerial Committee on their feasibility for adoption.

The Bank of Ghana submitted the Committee's key findings and recommendations to the Minister of the Interior. The recommendations included establishment of ad hoc committee comprising officials from the Bank of Ghana; Ghana Police; Ministry of the Interior; and National Security Secretariat. The Committee completed its task and presented a Report to the Minister of the Interior. However, the Minister was yet to provide formal notification of the Committee's Report to stakeholders.

"In spite of the "uninspiring" and "unimpressive" performance of banks in the last quarter (Q4) of 2022, occasioned largely by the implementation of the government's domestic debt exchange programme, prudential financial data released by the industry during the first quarter (Q1) of 2023 affirmed strong, robust and scintillating performance."

The decision to establish technical working group; and subsequent efforts towards the development of framework for CIT operations and compensation for victims of CIT incidents in Ghana amply demonstrates commitment of the member institutions towards improving the safety and efficiency of cash transportation throughout the country. Adoption and implementation of the Committee's recommendations are envisaged to align CIT operations in Ghana with international standards, thereby promoting security and trust in the financial sector.

Earlier reports received by GAB from the various banks affirmed, significant outstanding payments from COCOBOD were having severe impact on the capacity of LBCs to honour their short-term loans and overdraft obligations to the banking industry. Although some payments had been made, the outstanding amount remained huge and significant; these outstanding payments had dire implications for the books of the affected banks, due to IFRS standards and requirements. Further, the outstanding payments had the potential to affect the banks' commitments to LBCs during the new cocoa season for 2022/2023. To address the phenomenon, GAB arranged a strategic meeting with the CEO of COCOBOD to deliberate on plans for expeditious settlement of outstanding commitments before the commencement of the new cocoa season. Specifically, the meeting highlighted the impact of the huge indebtedness of LBCs on the banking industry; and discussed how banks could support the activities of COCOBOD for the new cocoa season.

As next strategic steps, GAB, COCOBOD and BoG were expected to constitute a tripartite committee to review existing interest charges on loans to LBCs; while banks were envisaged to collaborate with the Bank of Ghana to consider the acceptance of cocoa beans as collateral for loans contracted by cocoa farmers.

In July 2023, COCOBOD signed an Exchange Memorandum with some member banks. In the Exchange Memorandum, COCOBOD invited the member banks to exchange short-term maturity bills for longer-term bonds, with longer-term principal maturity date. The Exchange Memorandum was reviewed and approved by the Securities and Exchange Commission (SEC). Provisional approval was obtained from the Ghana Stock Exchange (GSE) to facilitate admission and trading of the New Bonds on the Ghana Fixed Income Market of the Ghana Stock Exchange. However, granting of such an approval was contingent on COCOBOD's ability to fulfill all the listing requirements. The invitation to exchange was expected to expire at 4pm on August 4, 2023.

In spite of the "uninspiring" and "unimpressive" performance of banks in the last quarter (Q4) of 2022, occasioned largely by the implementation of the government's domestic debt exchange programme, prudential financial data released by the industry during the first quarter (Q1) of 2023 affirmed strong, robust and scintillating performance. Further analysis revealed good prospects for the industry in the remaining quarters (Q2 through Q4) of the current financial year; and beyond.

The Ghana Association of Banks (GAB) remains strongly committed to ensuring global competitiveness and recognition of anchor banks by complementing their efforts towards efficiency and effectiveness in customer service delivery; sustainable business operations; accelerated growth of the industry and financial sector; and steady growth in the national economy.

However, realisation of the foregoing is contingent on the implementation of pragmatic measures. In view of this, GAB has outlined series of activities and programmes during the 2023 financial year. These planned activities are strategically intended to support member banks' quest to strive towards realisation of bank-specific; industry- and financial sector-wide objectives.

GAB seeks to liaise with the heads of internal audits of member banks to assure significant improvement in compliance with regulatory standards. The Association's engagement with the Heads of Internal Audit would prove useful to the development of a model that would promote unity and collaboration in the work of internal auditors across the industry. Further, it would facilitate development of common standards, including Charter for the industry; influence and support the strive of member banks for co-operation; and encourage development of critical tools towards promotion of stability and soundness in the banking industry.

In addition to the foregoing, GAB has planned series of engagements with regulatory bodies such as the Bank of Ghana (BoG); Ghana Revenue Authority (GRA); Cyber Security Authority (CSA); Ministry of Finance (MoF); Data Protection Commission (DPC); National Identification Authority (NIA); and National Communications Authority (NCA), amongst others. Further, the quarterly engagements among Heads of Audit; Chief Risk Officers (CROs); Chief Information Security Officers (CISOs); Chief Compliance Officers (CCOs); and Banking Supervision Department (BSD) would be revived to discuss thematic issues that are raised in banking supervision reports for industry-wide concerted efforts towards resolving them.

To achieve the foregoing, road map and work programme would be developed to strengthen co-operation and improve information sharing. The latter would be predicated on strategic identification of impediments to effective information exchange and co-operation. The collaboration would ensure banks operate in line with regulatory requirements.

Full compliance with all independent statutory requirements remains a major hallmark of GAB; and this statement underscores the relevance of this year's Annual General Meeting (AGM) organised by GAB. Consistent improvement in the business operating environment of member banks remains one of the core mandates of GAB. To ensure practical realisation of this mandate,

field research (Mystery Shopping) would be conducted in selected Regions across the country to assess customer-perceptions and complaints; examine banks' customer service delivery; and evaluate effect of the government's debt restructuring programme, specifically domestic debt exchange (DDE) on interactions between customers and banks. Further, the exercise would be useful towards determination of the impact of DDE on investment decisions of existing bank customers and prospects.

The reports to be prepared on the Mystery Shopping would highlight potential strengths, weaknesses, opportunities and threats (SWOT); and proffer suggestions on how member banks could improve services delivery; enhance competitiveness; increase banked segment of the population; and drive productivity, revenue and profit.

As part of its proactive measures to ensure positive projection of member banks, GAB is committed to publication of the Third Edition of The GH Banker's Voice Magazine. The publication would connect with and provide relevant update to stakeholders, including those in the global financial community. The content would highlight opportunities, challenges, operations and trends in the banking industry; while enhancing visibility, integrity and credibility of GAB and anchor banks.

My profound gratitude is extended to the indefatigable Staff of GAB, who though very few, managed to achieve a lot during the financial year under review. Further, my heart-felt gratitude goes to all Staff in the banking industry, especially those who served as Members of the various Technical Working Groups of GAB, including YouStart Technical Working Group; Technology and Cyber Technical Working Group; Payment Systems Working Group; GhanaPay Technical Working Group; Network of Chief Finance Officers (CFOs); Working Group on Debt Restructuring; Legal Officers Working Group; Network of Chief Compliance Officers (CCOs); Network of Chief Risk Officers (CROs); Heads of Global Trade Specialists; Heads of Anti-Fraud and Forensics Managers; Security Co-ordinators; and Heads of Operations & Cash Management; and individuals whose efforts, in diverse ways, supported the work of the Association.

I would like to acknowledge member banks and other institutions for their tremendous support; and invaluable contribution to the success story of the Association. It is not exaggerative to state that strong commitment, dedication, sacrifice; and unflinching support of the twenty-five Managing Directors (MDs) and Chief Executive Officers (CEOs) consistently anchor the administrative and other functions of the Association. GAB wishes to acknowledge and thank the Governing Council for its guidance and direction which have successfully steered the affairs of the Association thus far.

Again, GAB wishes to express its sincerest thanks to all the MDs and CEOs of member banks (General Assembly) and other institutions for their diverse supports; and looks forward to deeper relationship in the current and subsequent financial years. institutions for their diverse supports; and looks forward to deeper relationship in the current and subsequent financial years.

Thank you.

Mr. John Awuah
(CEO, GAB)

ECONOMIC AND INDUSTRY REVIEWS

Economic Review 25

Industry Analysis 30

ECONOMIC REVIEW

GROWTH

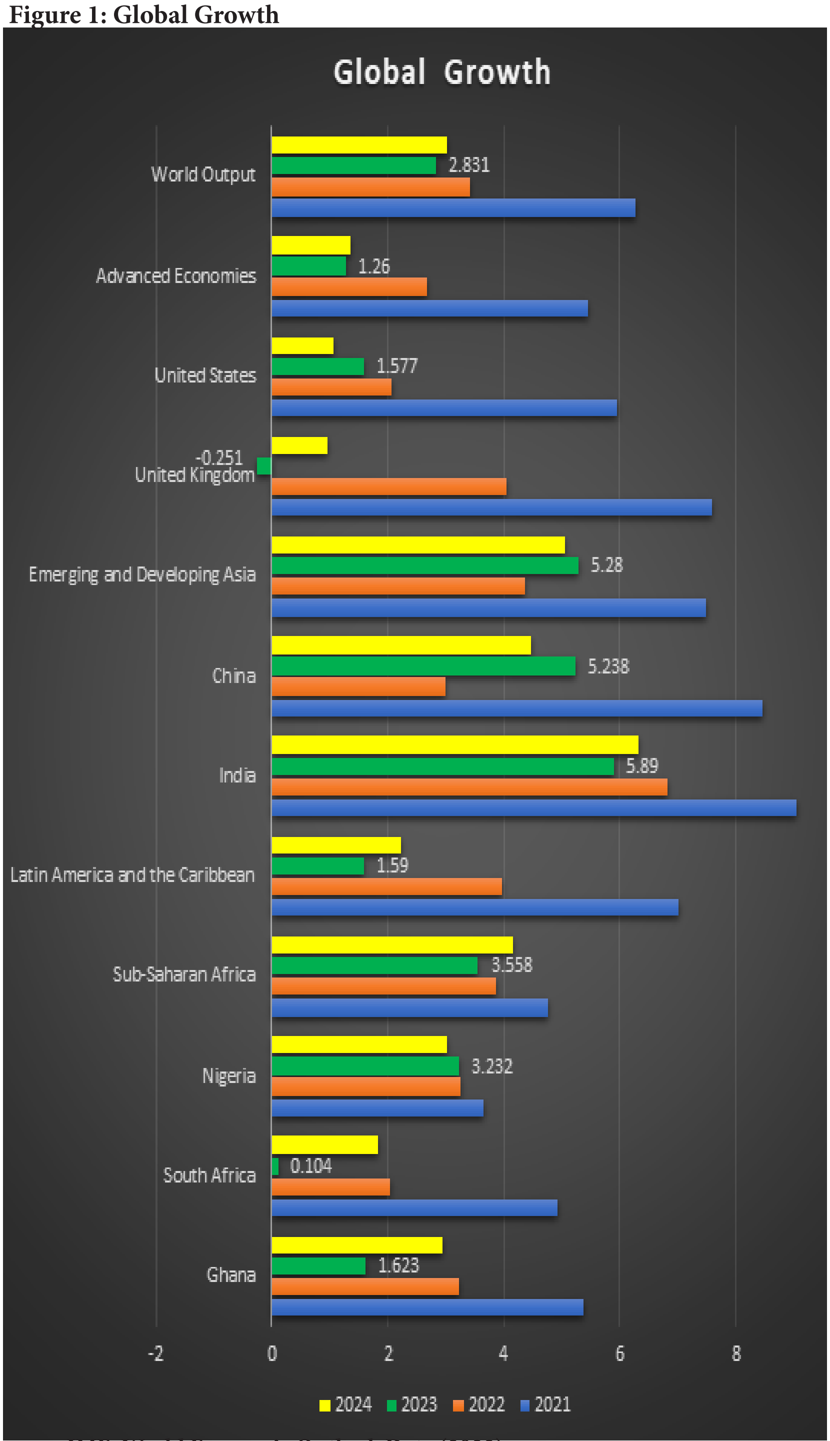
The global economy was severely impacted by the COVID-19 pandemic. Economies were shattered and plunged into recession. However, through expansionary policy dimensions, rejuvenation set in 2021; there were signs of rapid economic recovery and expansion. As the world transitioned from 2021 to 2022 with optimism, considering the economic firefighting that took place in 2021 to douse recessionary blaze into smoulders, new forms of challenges sprout out. Amongst these were the Russia-Ukraine war, unstable macroeconomic variables, extreme weathers, disasters, etc.

As a matter of fact, major indicators turned worse compared to the recovery year – 2021; and the economic outlook was darkened. The world economy became slower, more than anticipated; inflation became widespread; and agitations and uproars became commonplace in 2022.

Most economies recovered significantly in 2021, with India recording the highest growth rate of 9.05%. Though global growth stalled in 2022 as a result of contractionary financial conditions, elevated inflation levels and cascading effect of the Russia-Ukraine war, India still recorded the highest level of growth (5.89%), which was approximately twice the global average.

Ghana recovered partially in 2021 with a growth rate of 5.36%. However, this was short-lived as growth declined significantly to 3.2% in 2022; and it is projected to decline further to 1.62% in 2023. China is rebounding strongly, while growth in the US and UK is expected to drop further, due to the lingering effect of the Russia-Ukraine war; and the recent banking crises that took place in the US and Europe.

Figure 1: Global Growth



Source: IMF: World Economic Outlook Data (2023)

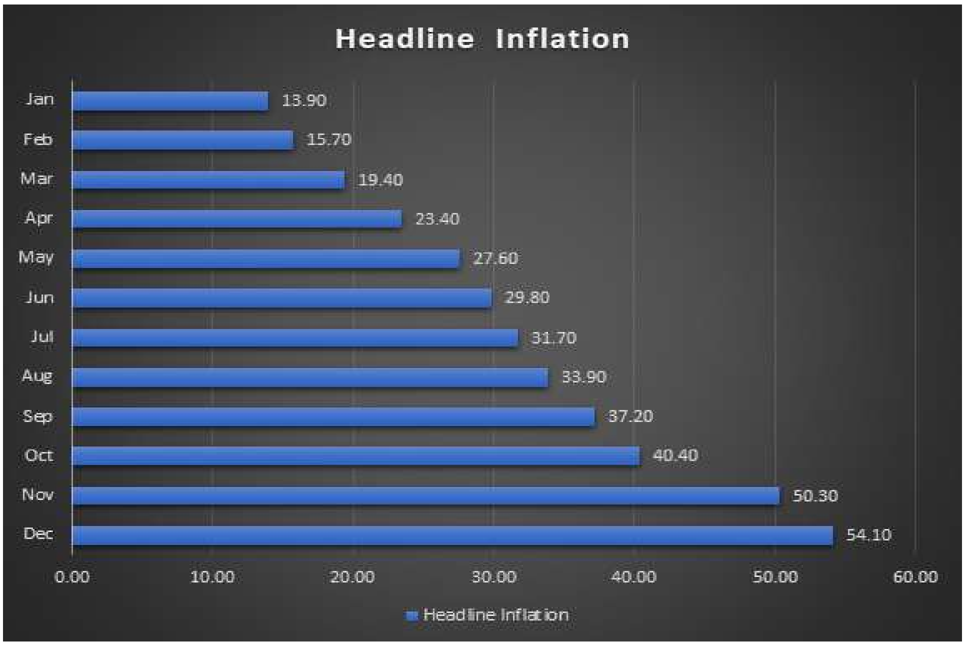
Inflation in Ghana

General price level inched marginally in 2021 across the globe; this according to the Bank of Ghana (BoG) was as a result of sharp increase in energy prices, rising demand pressures; and ongoing supply chain disruptions which caused headline inflation to rise above its target in several advanced and emerging economies (BoG, 2022).

The situation in Ghana degenerated in 2022 partly as a result of the Russian-Ukraine war which caused global energy shock; high cost of input; depreciated Ghana Cedi; and the contagion effect of global inflation which was intense in Europe and the US. Inflation rate at the beginning of 2022 was 13.9%.

However, it increased persistently to 54.1% in December 2022, despite the contractionary measures (MPC increased the policy rate by 1250 basis point in 2022) taken by Bank of Ghana to contain it.

Figure 2: Inflation in Ghana

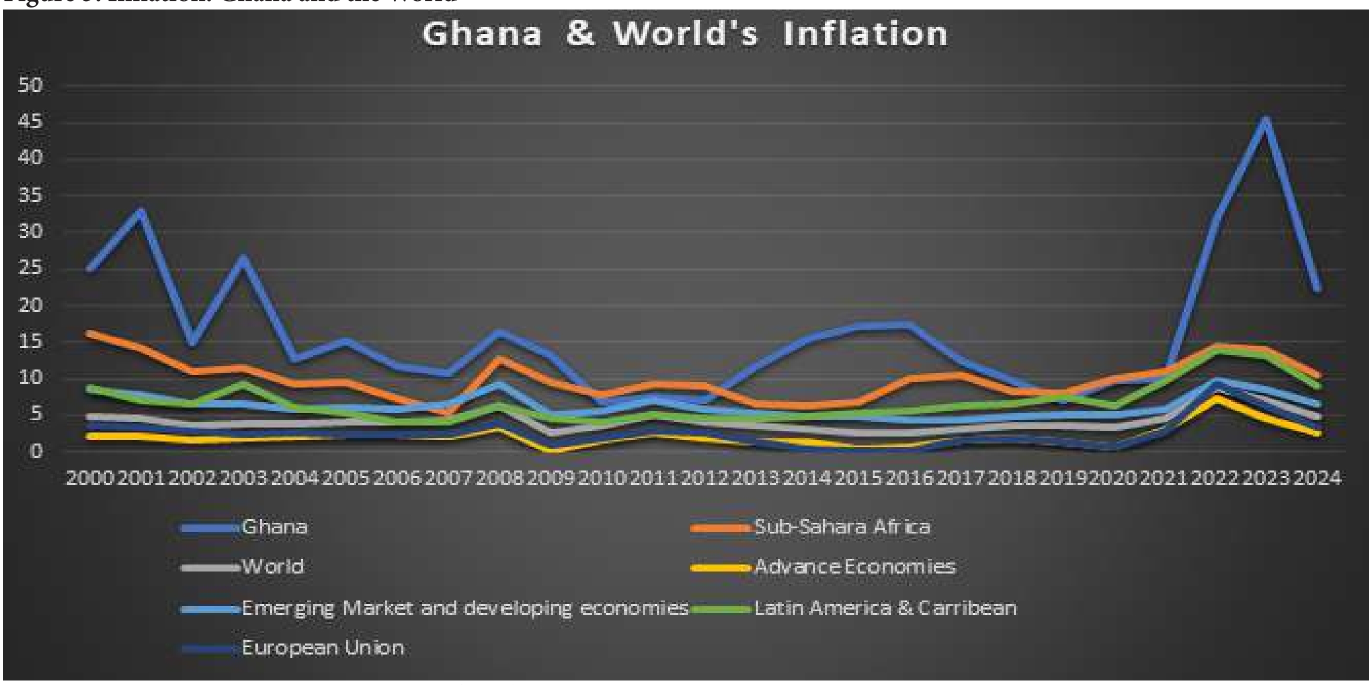


Source: Bank of Ghana (2023)

Further, inflation data spanning from 2000 to 2022 from the IMF as presented in Figure 2 shows on average, Ghana's inflation over the aforesaid period decreased marginally. Taking the years under review into consideration, inflation in Ghana initially peaked in 2001 at 32.93 percent; and declined to 10.73 percent in 2007.

Inflation remained below 20 percent from 2007 to 2021; and this can be attributed in part to the Inflation-Targeting policy introduced by the Monetary Policy Committee (MPC) of BoG, where maintaining inflation rate at certain threshold (i.e., price stability) became the primary objective of the central bank. Nonetheless, inflation reached another peak in 2022; with an average inflation of 31.45%; and projected to increase to 45.43% in 2023.

Figure 3: Inflation: Ghana and the World



Source: IMF: World Economic Outlook Data (2023)

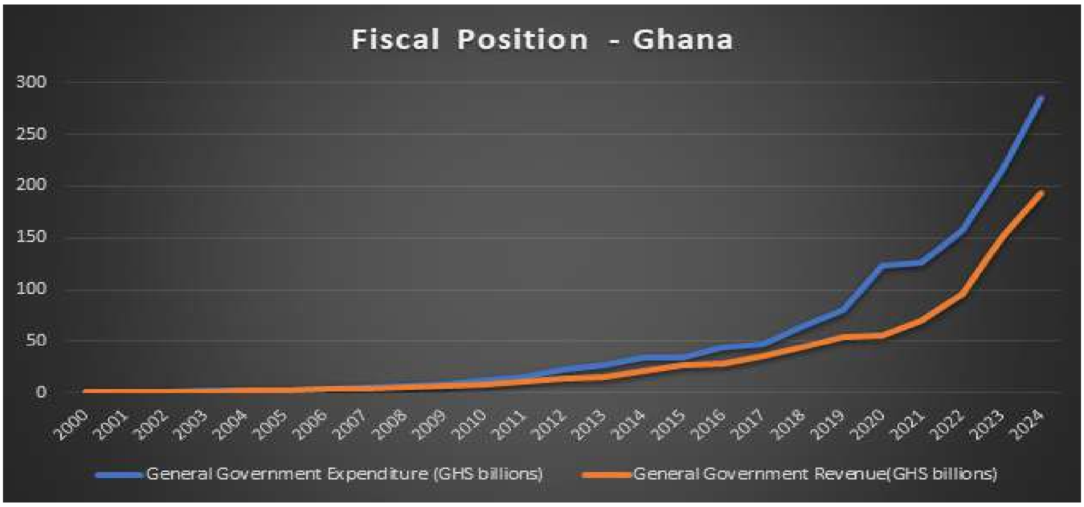
Government's Fiscal Position

Ghana remains a growing economy with room for economic expansion. This notwithstanding, the country's fiscal position has been negative due to the persistent increase in government's expenditure relative to limited revenue base.

Government recorded a budget deficit of GH¢61.08 billion. Data from the IMF as depicted in Figure 4 exudes increasing deficit from 2006 through 2021.

Total government revenue in 2022 was GH¢96.16 billion, as against expenditure of GH¢157.24 billion. Since 2009, the deficit gap continued to widen due to huge government expenditures, debt repayment, depreciated Ghana Cedi, etc. Both expenditure and revenue are projected to increase in 2023 to GH¢214 billion and GH¢150.61 billion respectively.

Figure 4: Government Expenditure



Source:
IMF: World Economic Outlook Data (2023)

Public Debt

Owing to huge deficits, government is compelled to borrow to shore up revenue to meet its planned expenditure; and this has direct effect on public debt levels. Available data from the IMF (2023) affirmed, the stock of Ghana's public debt levels increased from 79.6 percent of GDP in 2021 to 88.77 percent of GDP at the end of December 2022. Further, the country's total debt stock is projected to increase to a staggering 98.72% of GDP in 2023; before declining to 92.84% in 2024.

These seemingly worrying trends notwithstanding, debt levels are expected to decline faster under the IMF programme. The astronomical increase in public debt over the years is not solely as a result of deficit, caused through government expenditure, but also from huge interest accumulation on government debt, depreciating Ghana Cedi, inflation, poor credit ratings, etc. (see Figure 5 for details).

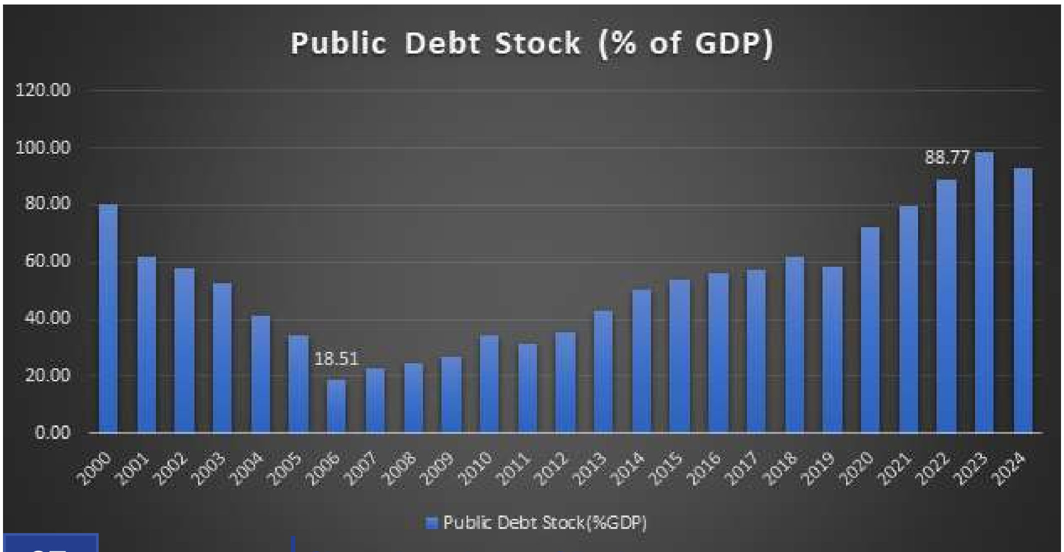


Figure 5: Public Debt

Source:
IMF: World Economic Outlook Data (2023)

Trade

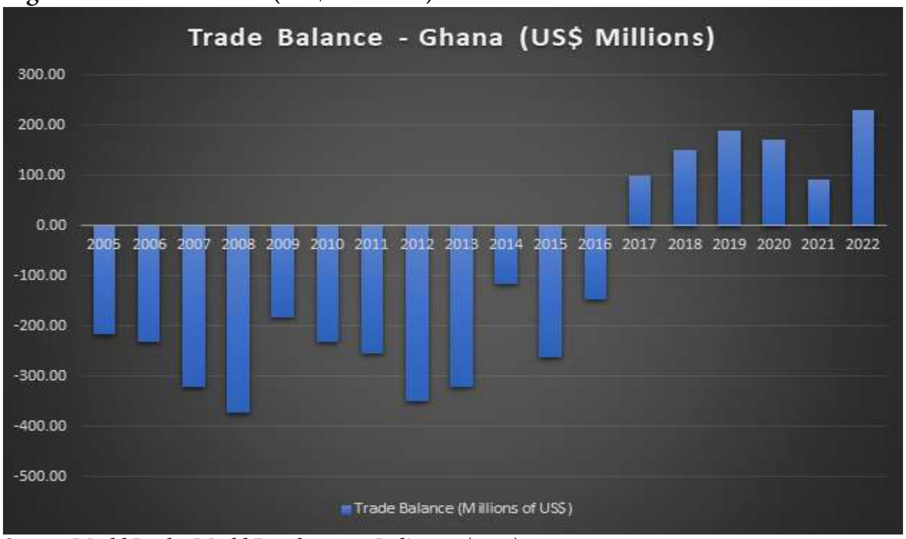
The sum of exports and imports of goods and services measured as a share of gross domestic product (GDP) decreased in 2020 to 38.5% as a result of COVID-19. However, it experienced a rebound to 58.43% of GDP in 2021. Though Ghana has experience significant trade deficit in the past, the exploration of oil and discovery of new oil fields have changed the narrative from 2017 to date; the country has consistently recorded trade surplus till date.

According to the World Bank, Ghana's trade balance for financial year 2022 was US$229.49 million. As stated earlier, the increase in favourable trade balance is often fuelled by the exportation of oil from the country; while non-oil exports continue to be negative, raising concerns about the productive capacity of Ghanaian businesses; and how the economy has become import-dependent.

Figure 6: Trade (% GDP)

Source: World Bank - World Development Indicators(2023)

Figure 7: Trade Balance (US$ millions)



Source: World Bank - World Development Indicators(2023)

Balance of Payments

In 2022, the country recorded significant trade surplus. However, this economic gain was offset by deficit in the capital and current account outflows, resulting in overall balance of payment deficit. The total balance of payments for 2022 showed $3.6 billion deficit. A net outflow of US$2.1 billion (2.9 percent of GDP) was recorded in the capital and financial account, mostly as a result of decreased foreign direct investment (FDI) flows; and sizeable portfolio reversals due to poor credit ratings and deteriorating macroeconomic variables. These contributed to the overall balance deficit, which was caused largely by the current account deficit of US$1.5 billion (2.1% of GDP).

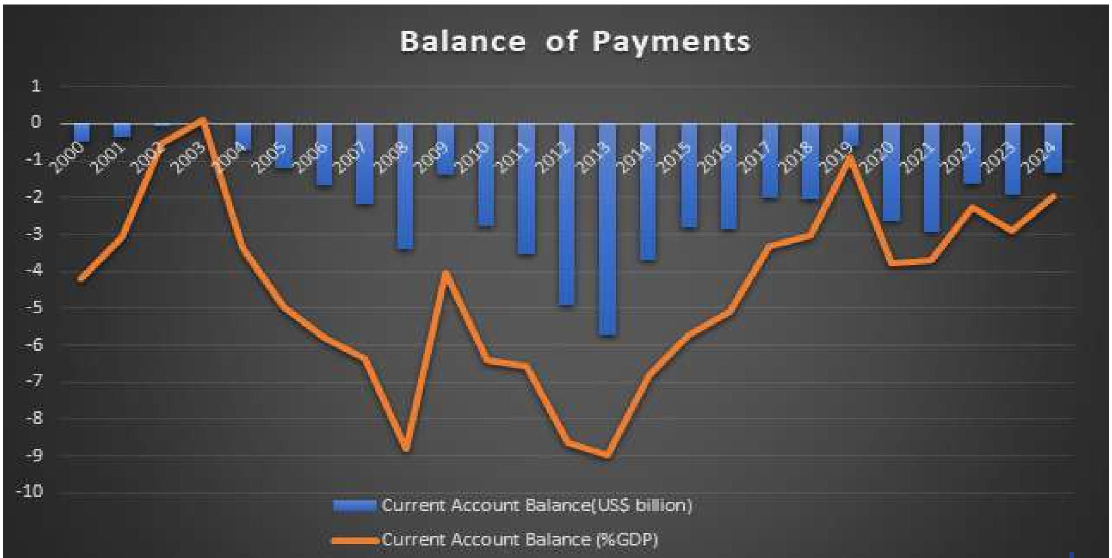


Figure 8: Trade Balance (US$ millions)

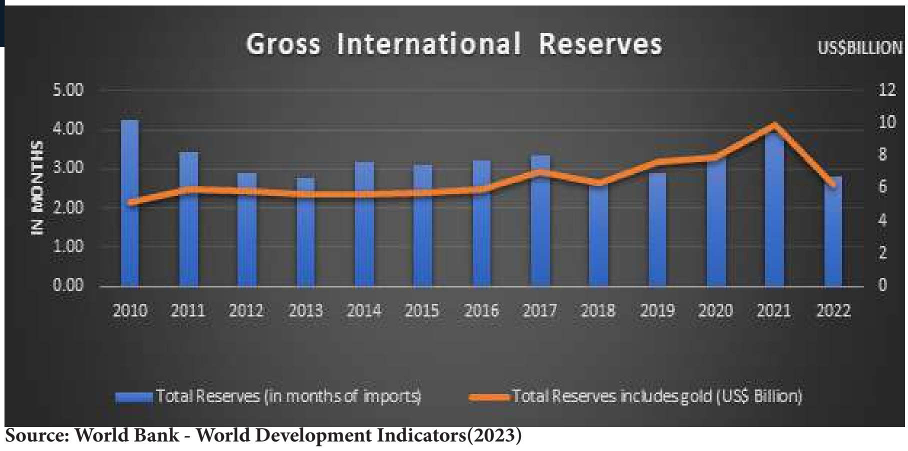
Source: World Bank - World Development Indicators(2023)

Gross International Reserves

Gross International Reserves inched marginally from 2010 at US$5.1 billion, equivalent to 4.3 months import cover; to US$9.4 billion in 2021, equivalent to 3.9 months. It however declined sharply to US$6.2 billion at the end of 2022. The said value (US$6.2 billion) was equivalent to 2.8 months cover during the period.

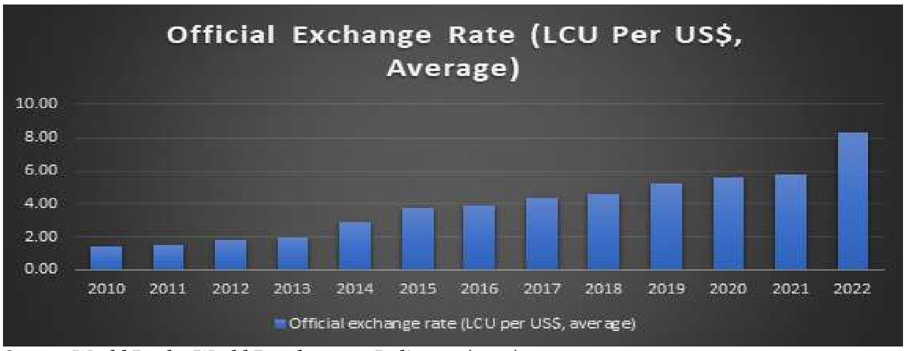
The decline in total reserve mounted significant pressure on the domestic currency (Ghana Cedi), which has been under intense pressure due to unstable macroeconomic conditions; DDEP; sovereign rating downgrades; and seasonal demand pressures. Average official exchange rate increased from 5.8% to 8.2% in 2022. This level of depreciation had direct bearing on inflation and cost of credit.

Figure 9: Ghana's Gross International Reserves



Source: World Bank - World Development Indicators(2023)

Figure 10: Historical Official Exchange Rates



Source: World Bank - World Development Indicators(2023)

Monetary Policy Development

Monetary policy is basically aimed at accommodating fiscal pressures. The central bank implements this strategy through inflation-targeting, which is its primary objective. Inflationary pressures attributed to the Russia-Ukraine war significantly influenced the energy market, causing rising fuel prices; surging global inflation; depreciated local currency (Ghana Cedi); credit rating downgrade; and seasonal demand pressures, among others.

To stem the growing tide, the Monetary Policy Committee raised the policy rate by 1,250 basis points in 2022. The strategy, sought among others, to contain the inherent aggregate demand pressures likely to drive prices in the economy. In spite of the monetary policy tightening, inflation in 2022 was irrepressible, raising concerns about the effectiveness of the policy rate as very useful policy instrument for mitigating the economic effects of inflation.


INDUSTRY ANALYSIS
Balance Sheet
Earnings & Profitability
Asset Utilisation
Earning Assets
Asset Quality
Market Share Analysis
Payment Systems

INDUSTRY ANALYSIS

Introduction

After surviving the ravages of COVID-19 from 2020 through 2021, the banking industry in 2022 was once again mildly befogged by the cascading effect of the Russia-Ukraine war, which caused massive historic energy shock that triggered inflation globally. This, along with the government's inability to meet revenue targets from e-levy precipitated high levels of macroeconomic instability, with debt levels skyrocketing to unsustainable levels. The central bank increased the policy rate by 1250 basis points in 2022 in order to tamp down inflation, which has a bi-directional relationship with interest rates and exchange rates.

However, the brutal monetary policy tightening cycle could not "bowl" over rising price levels; in stark contrast, headline inflation increased from 13.90% in January to a staggering 54.1% in December 2022; public debt-to-GDP ratio surged above 90%; and the Ghana Cedi slipped against major international currencies such as the United States dollar, European euro and British pound sterling.

In the midst of all the macroeconomic turbulence, the banking industry remained profitable; and resilient until the fourth quarter of 2022 when another crucible (i.e., the debt exchange programme) emerged. Performance in the third quarter was impressive, as all 17 (out of 23) universal banks that published their financials experienced profit. Year-on-year industry loans and advances to customers; total deposits by customers; total operating income; and profit-after-tax at the end of the third quarter increased by 47.97%; 31.26%; 23.71%; and 18.83% respectively.

Industry performance in the fourth quarter, however, took a nosedive as government finally declared its intention to solicit a bailout or credit facility from the International Monetary Fund (IMF); and discussion on the Domestic Debt Exchange Programme (DDEP) became a necessary evil. Though DDEP was a bitter pill for the banking industry, the industry understood the exigency; and grave need to support the economy to regain stability which is crucial to the overall existence of the banks.

Implementation of DDEP fueled huge impairment losses for the banks, especially those with substantial portion of their investments in government securities. This translated into losses for almost all the banks with the exception of Bank of Africa (BOA), United Bank for Africa (UBA), First Bank of Nigeria (FBN), Société Générale (SG), and Guarantee Trust (GT) Bank who recorded profits. Overall, the industry incurred loss of GH6.02 billion during the 2022 financial year.

After a bruising setback in the banking industry in 2022, the industry exhibited strong rebound and recovery during the first quarter of 2023; causing investors and customers to bask in optimism.

This industry report presents key highlights of banks' performance indicators (i.e., profitability, liquidity, efficiency, asset quality, payment systems, etc.); and the industry's performance on the stock exchange. The report is based on financial data from 22 banks which constitute about 96% of total membership for the banking industry. In essence, the estimates for the 22 banks are representative of the entire industry.

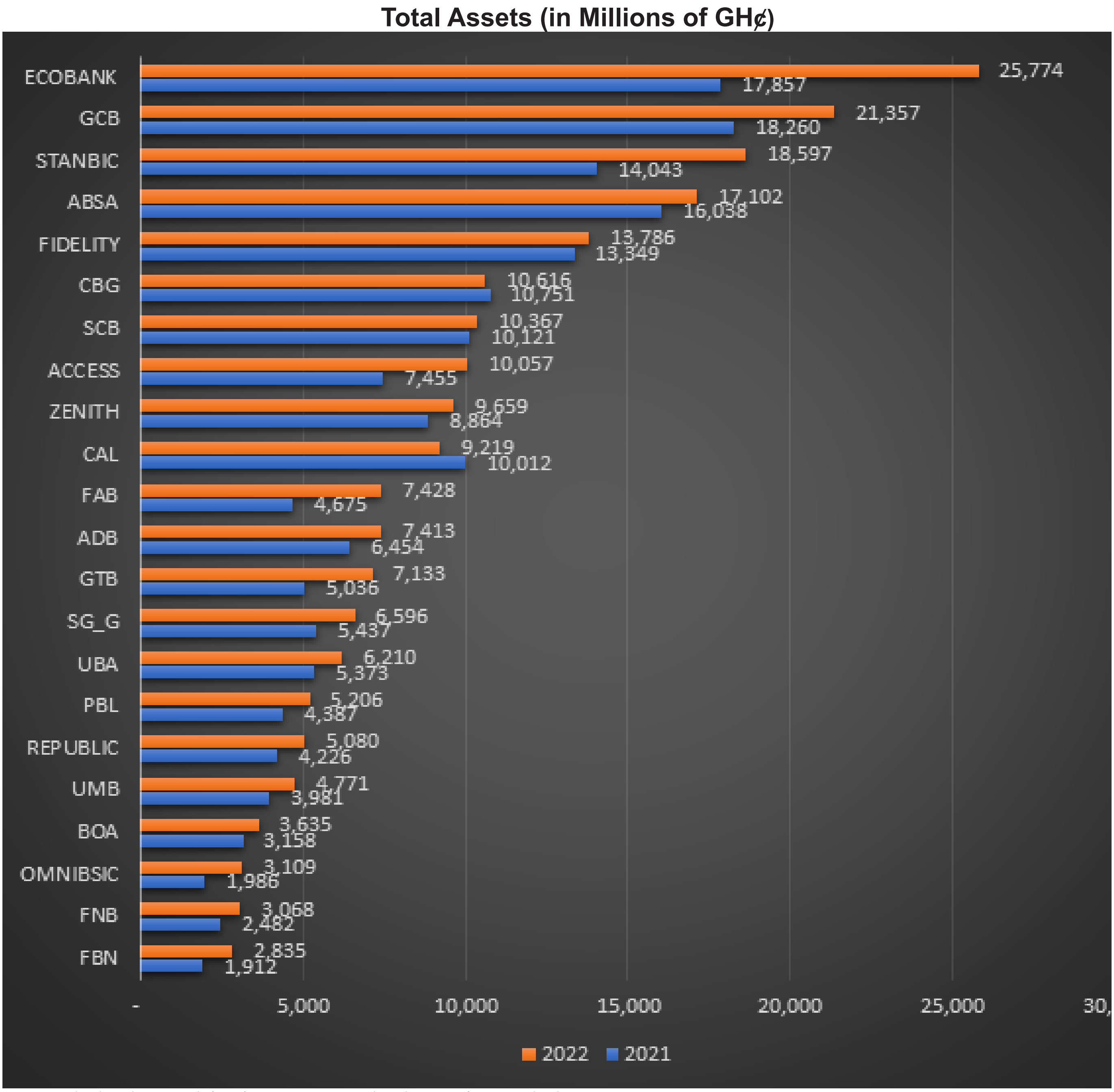
Balance Sheet

Total Assets

Despite the harrowing business environment, all the 22 member banks, with exception of CalBank and CBG, experienced surge in total assets during 2022; with Ecobank dominating with a whooping GH¢25.8 billion worth of assets. First Atlantic Bank (FAB) recorded the highest percentage increase in total assets (58.9%).

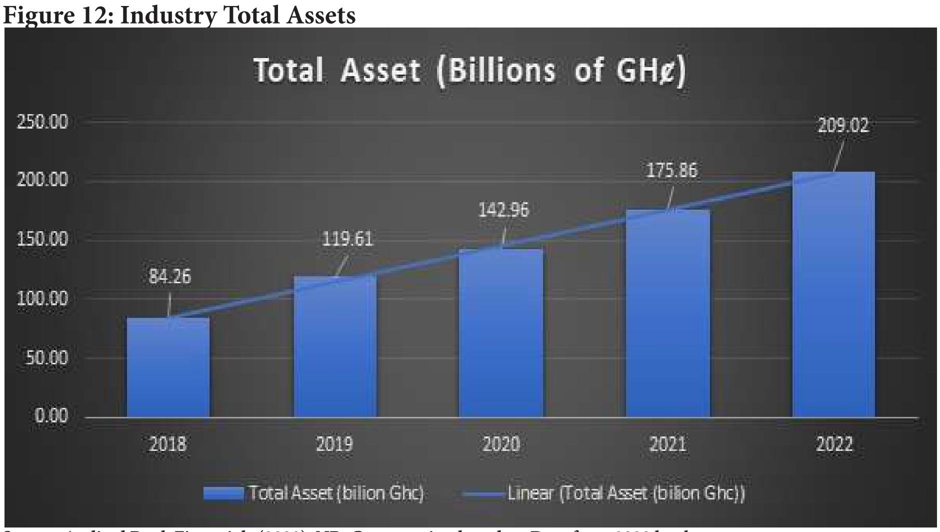
From industry viewpoint, total assets amounted to GH¢209.02 billion during 2022, representing 18.86% increase from the 2021 value of GH¢175.86 billion (see Figure 11). Cumulatively, total assets for the industry as indicated in Figure 12, increased by 19.93%, post the clean-up exercise; affirming resilience and robustness of the industry.

Figure 11: Total Assets of Banks: 2021 & 2022



Source: Audited Bank Financials (2022): NB: Computation based on Data from 2022 banks

Figure 12: Industry Total Assets



Source: Audited Bank Financials (2022): NB: Computation based on Data from 2022 banks

Total Deposits by Customers

Contrary to expectations that deposits might slip as a result of contractionary macroeconomic environment, deposits by customers inched significantly in all the banks. Further analysis revealed Ecobank recorded the highest (i.e., GH¢19.59 bill.) level of deposits whilst OMNIBSIC experienced the highest (74.26%) percentage increase in deposits.

Total industry deposits increased from GH¢116.02 billion in 2021 to GH¢155.54 billion during 2022. This plausibly depicts customers' trust in the banking industry as huge potential for asset transmutation for the financial sector.

Figure 14: Industry's Total Deposits by Customers

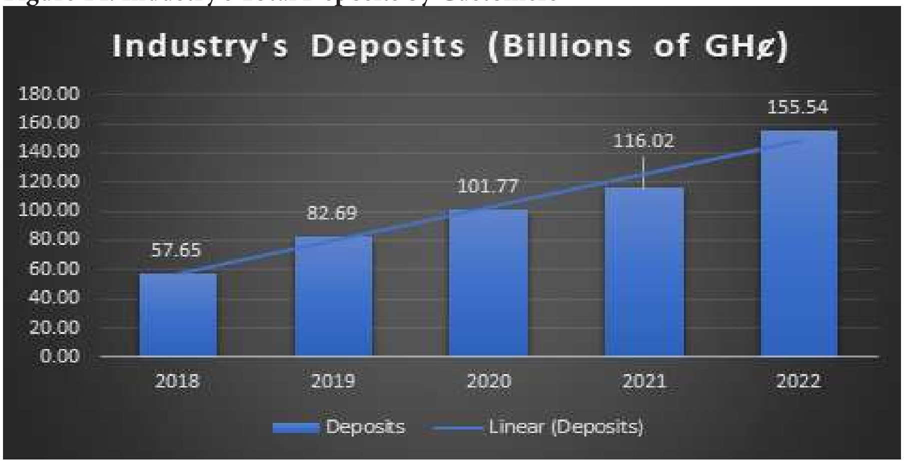
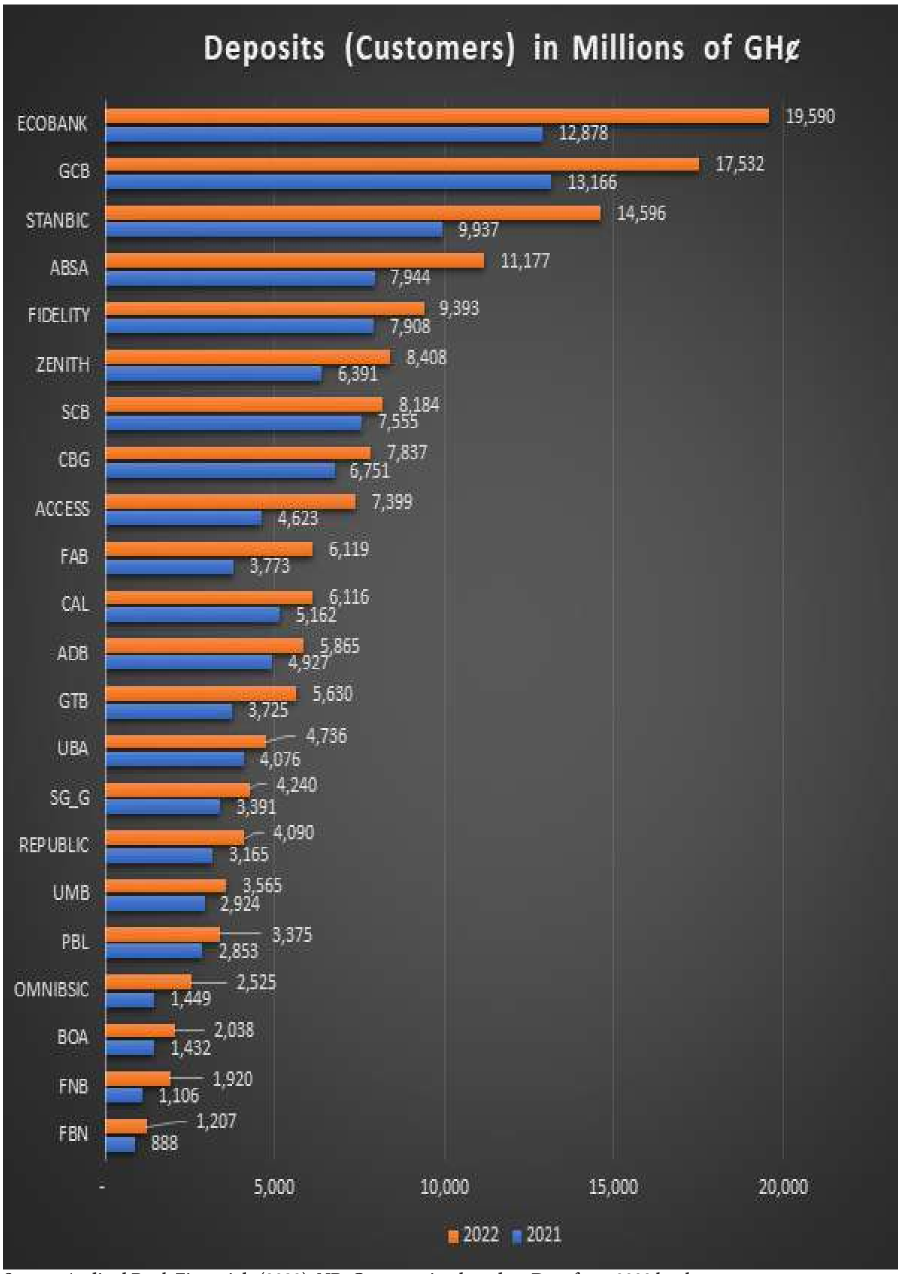


Figure 13: Customers' Total Deposits



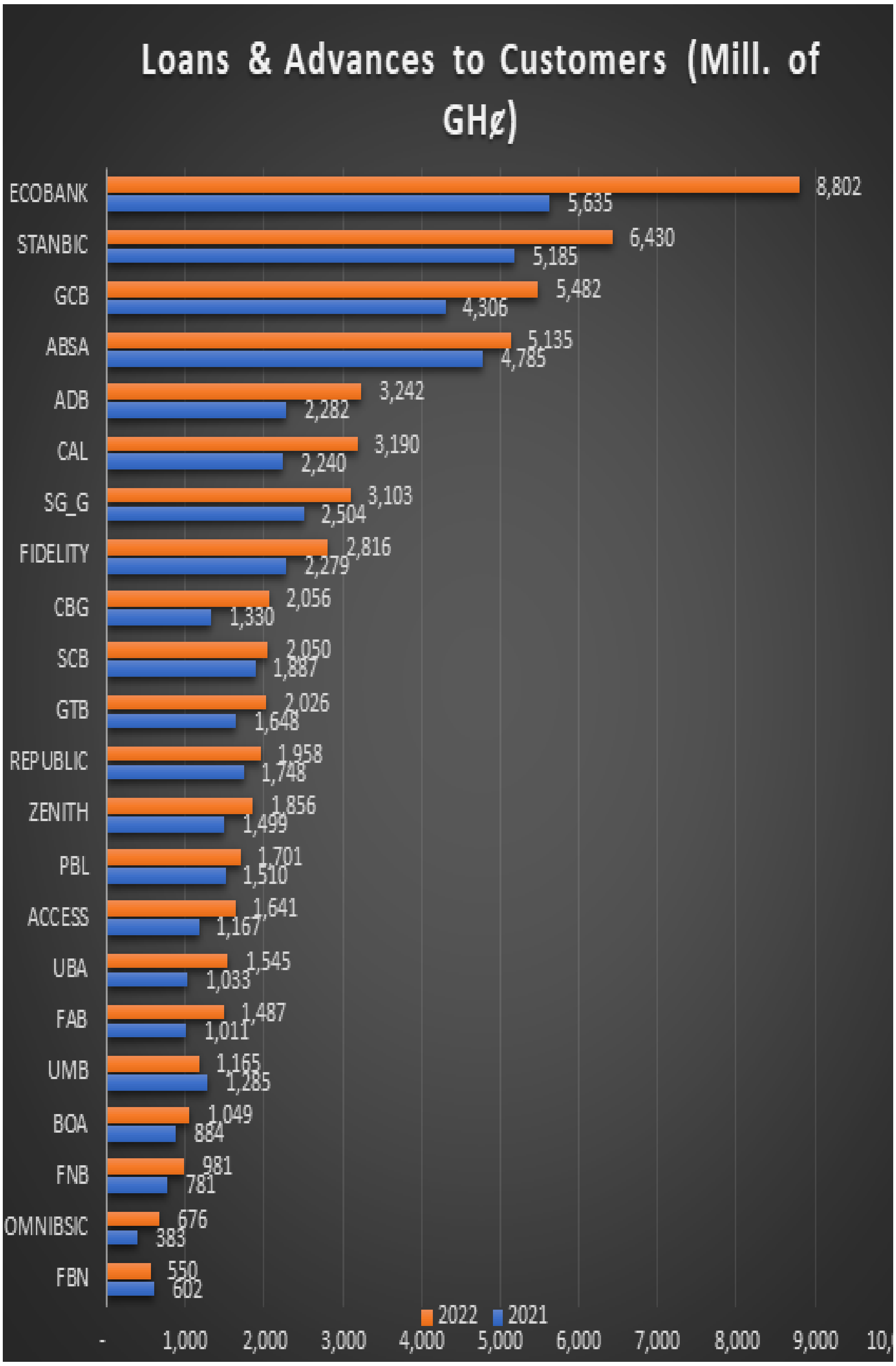
Source: Audited Bank Financials (2022): NB: Computation based on Data from 2022 banks

Loan and Advances to Customers

Loan and advances to customers remain a major component of the balance sheet that is often used as a basis of determining; and assessing the industry's support for private sector development. In prior and recent years, institutions in the banking industry have been subject of criticism for not supporting businesses and industries in the private sector of the Ghanaian economy.

Contrary to the foregoing perception, banks extended significant amount of loans and advances to customers during 2022, despite the unconducive business climate. Trend in the industry's loans and advances to customers pointed up, hitting a staggering GH¢58.9 billion during 2022; and depicting 28.18% increment from its 2021 value of GH¢45.98 billion. At the bank level, Ecobank recorded the highest volume of loans and advances to customers; this was valued at GH¢8.8 billion.

Figure 15: Loans & Advances to Customers



Source: Audited Bank Financials (2022): NB: Computation based on Data from 2022 banks

Earnings & Profitability

Profitability

Though the assets base of the banks remained strong and promising, the industry's profitability plummeted during the financial year under review. This was partly as a result of the huge impairment losses incurred by banks, owing to government's rollout of the DDE programme. Unlike 2021 where all the banks, with the exception of OmniBSIC, garnered certain amount of profits, the vast majority of member banks (72.73%) experienced losses after tax in 2022.

In spite of the incredible losses from the unfavourable DDE programme and numerous dire economic encumbrances, BOA, UBA, FBN, SG and GT Bank maintained proven outliers; they derived respective profits of GH¢6, GH¢60, GH¢62, GH¢109 and GH¢115 million at the end of financial year 2022.

Collectively, the industry incurred a loss of GH¢6.02 billion in 2022. The loss notwithstanding, the industry rebounded strongly; and at the end of the first quarter of 2023, recorded GH¢2.14 billion in profit after tax. See Figures 16 and 17 for details.

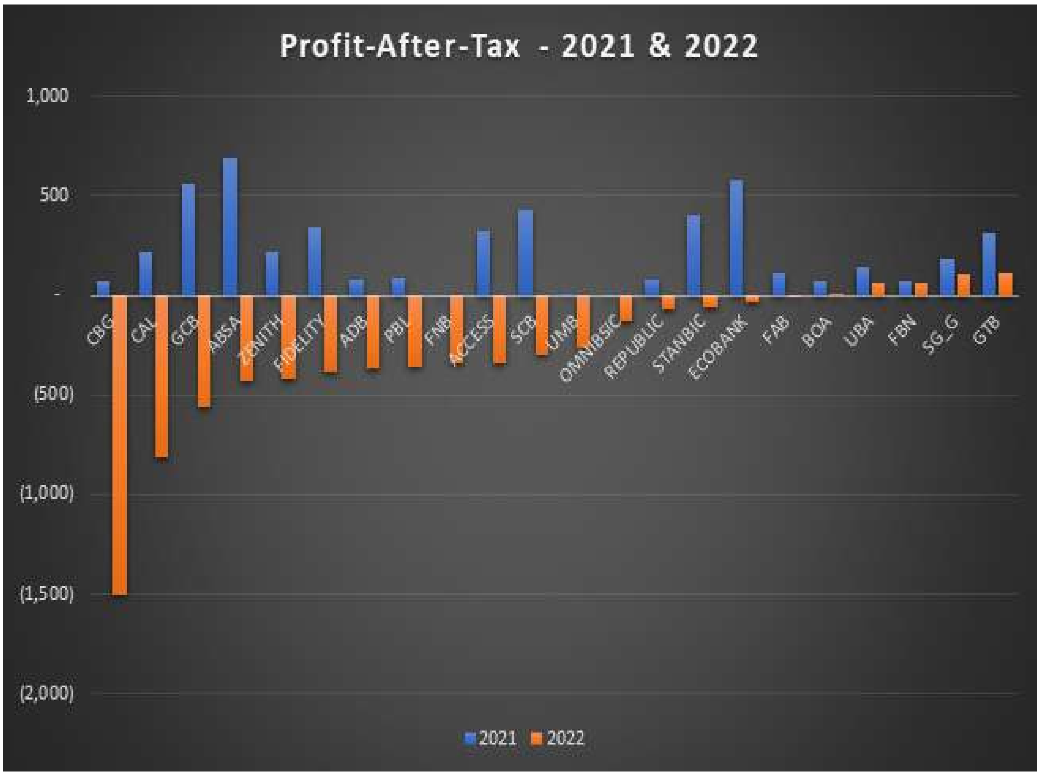
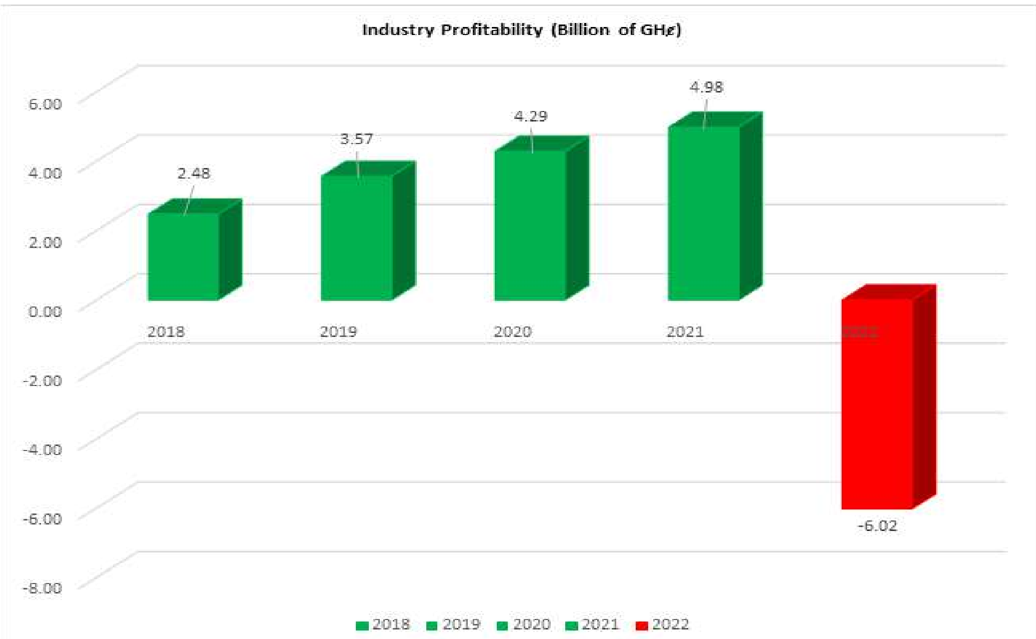


Figure 16: Proft-After-Tax (2021 & 2022)

Source:
Audited Bank Financials (2022):
NB:
Computation based on Data from 2022 banks

Figure 17: Industry Profitability



Source:
Audited Bank Financials (2022):
NB:
Computation based on Data from 2022 banks

Asset Utilisation and Efficiency Trends

Return on Assets (ROA) and Return on Equity (ROE)

Like profit, the industry's return on assets (ROA) and return on equity (ROE) were pole-axed by the huge impairment loss incurred by the banks through the DDE progromme; which caused the aforementioned variables to slip by 5.68% and 42.22%, respectively in 2022.

Whilst it may sound so exaggerative that losses incurred; and the fall in ROA, ROE and other performance indicators were caused by the DDE programme, other than factors such as operational inefficiencies, evidence from the net impairment losses affirmed the former. This is because, banks that incurred huge impairment losses experienced the contrarian effect on profit-after-tax, ROA and ROE. The ROA and ROE for all the banks in 2022 were below their respective 2021 values. See Figures 18 through 22 below for details.

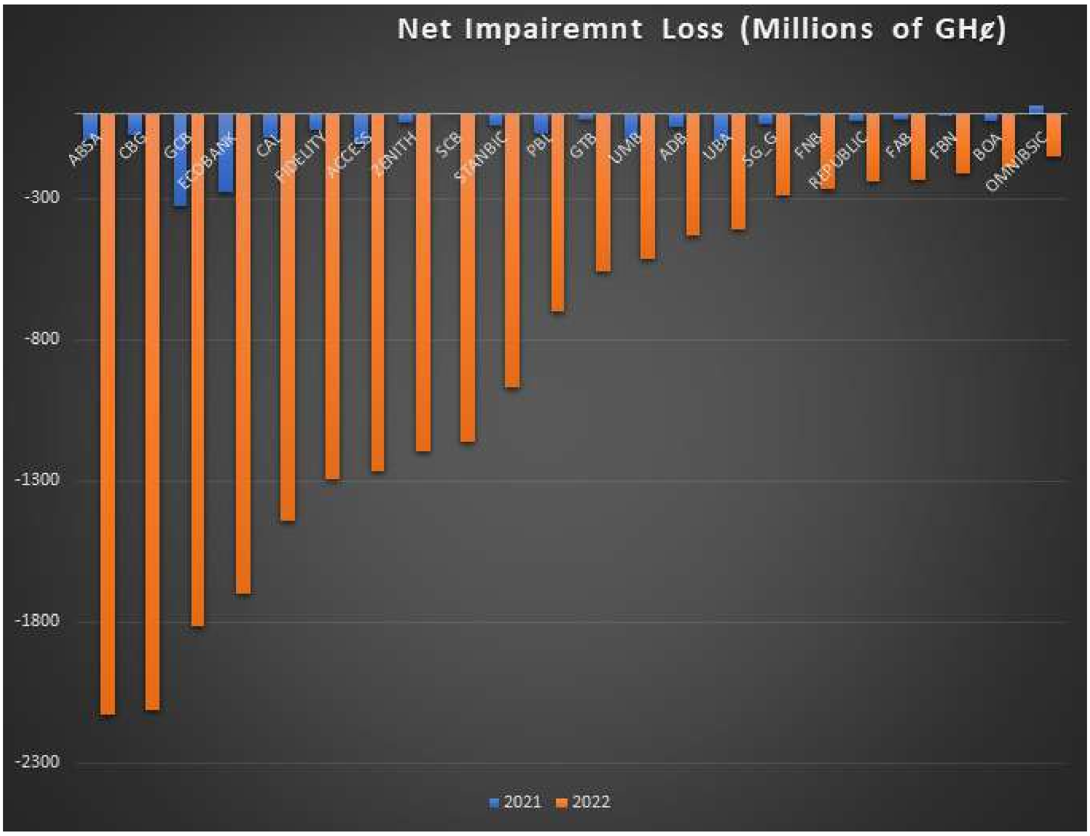


Figure 18: Net Impairment Losses

Source:
Audited Bank Financials (2022):
NB:
Computation based on Data from 2022 banks

Figure 19: Banks' Return on Assets

Figure 20: Industry's Return on Assets

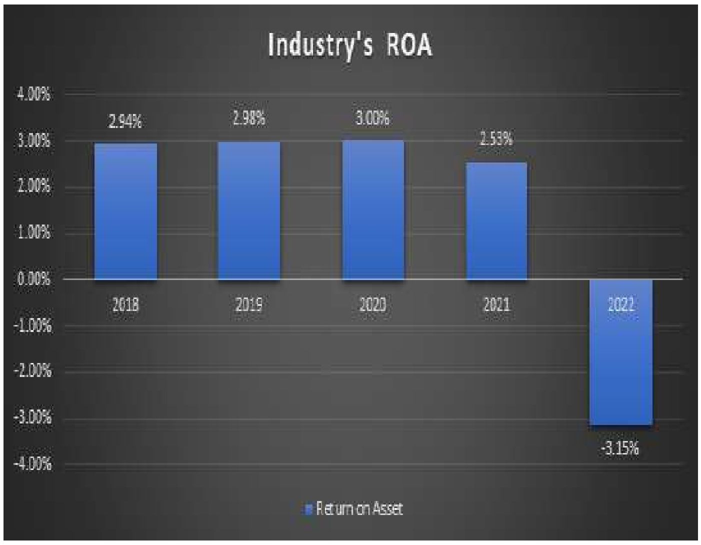


Figure 21: Banks' Return on Equity

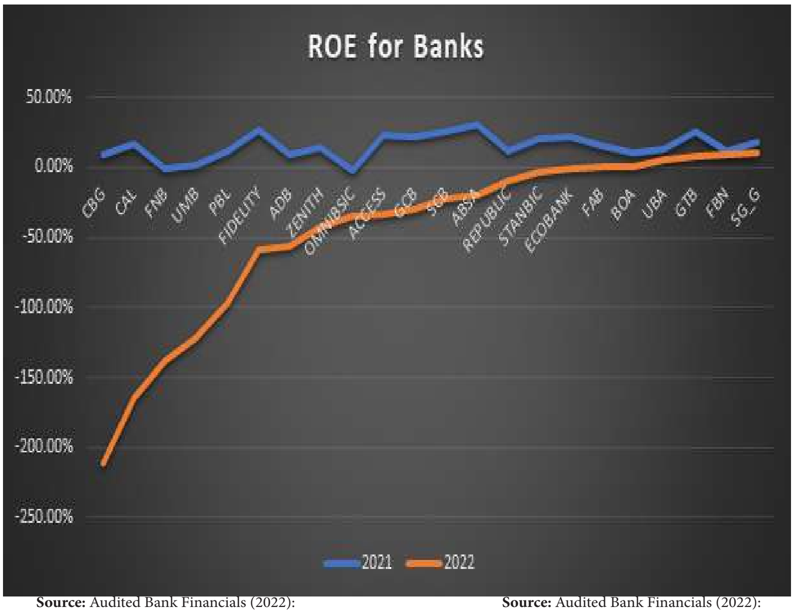
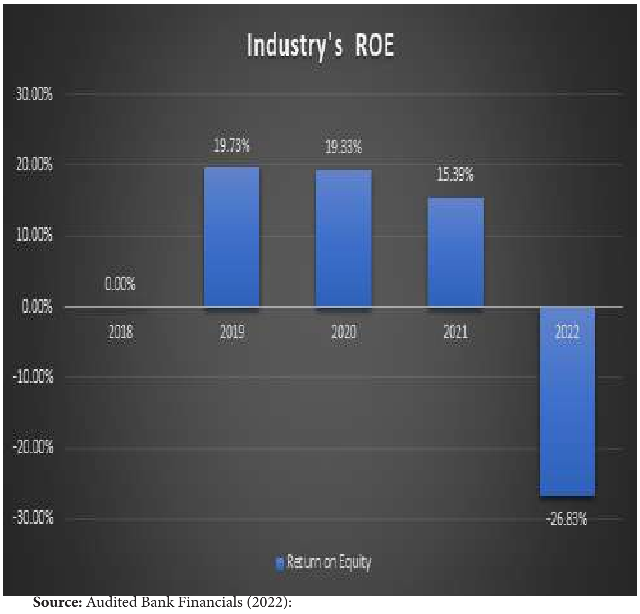


Figure 22: Industry's Return on Equity



Source: Audited Bank Financials (2022):
NB: Computation based on Data from 2022 banks

Source: Audited Bank Financials (2022):
NB: Computation based on Data from 2022 banks

Source: Audited Bank Financials (2022):
NB: Computation based on Data from 2022 banks

Earnings Assets

Earning Assets-to-Total Assets Ratio

Earning assets usually include any assets that are directly generating income for the banks. The asset mix of banks is dominated by loans and advances to customers which constitute the largest proportion of banks' assets. The industry's loans and advances to customers surged to GH¢58.9 billion in 2022 compared to GH¢45.4 billion in 2021. Additionally, loans and advances in 2022 were above investment in securities (which amounted to GH¢55.7 billion). These figures debunked the hue and cry; and the wrong perception of a large section of the public who often accuse banks of not extending loans to customers, but delight in buying and holding government securities.

The industry's earning assets-to-total assets ratio dipped to 57.97% in 2022 compared to 64.15% in 2021. From Figure 23, it is evident that majority of the banks (17 out of 22) experienced decline in their earning assets ratio in 2022 compared to 2021. Despite the significant losses incurred by CBG, it recorded the highest earnings-to-total asset ratio (77%), implying 77% of CBG's assets actually generated income; the bank is positioned and has the capacity to recover early from the financial hitches.

Figure 23: Banks' Earning Assets-to-Total Assets Ratios

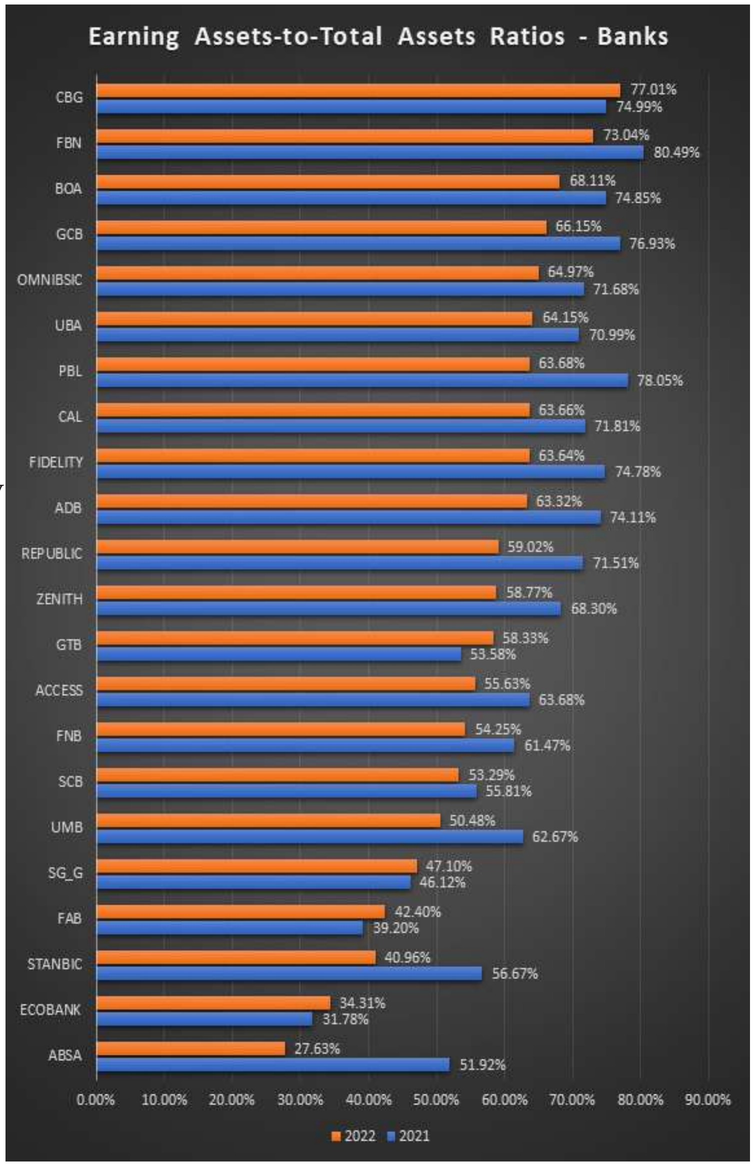
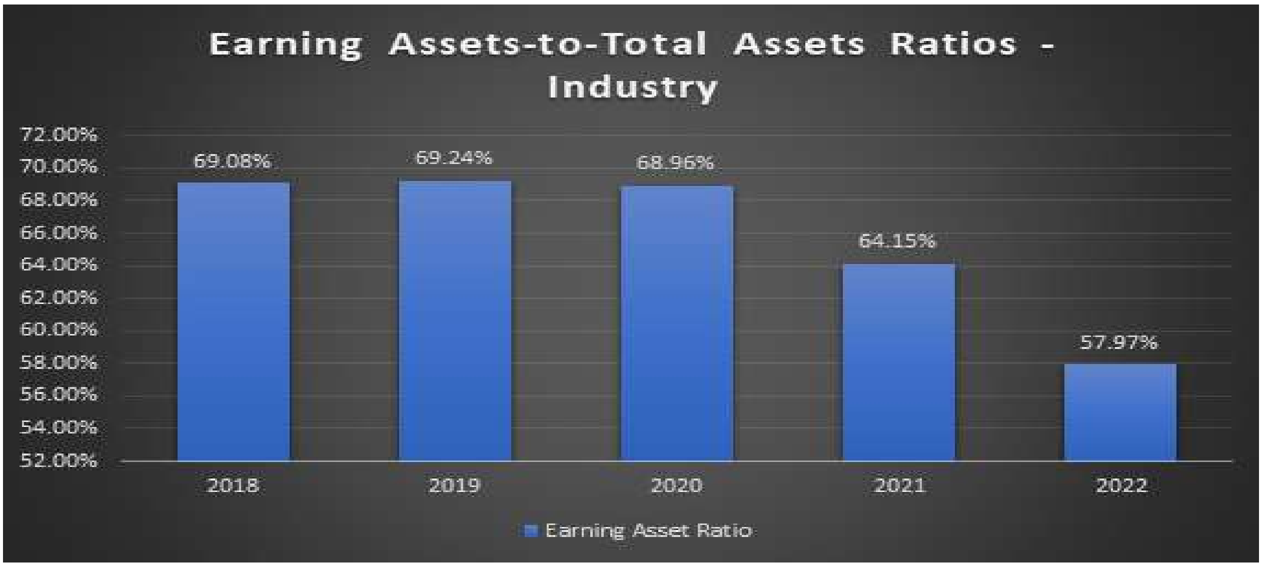


Figure 24: Industry's Earning Assets-to-Total Assets Ratios

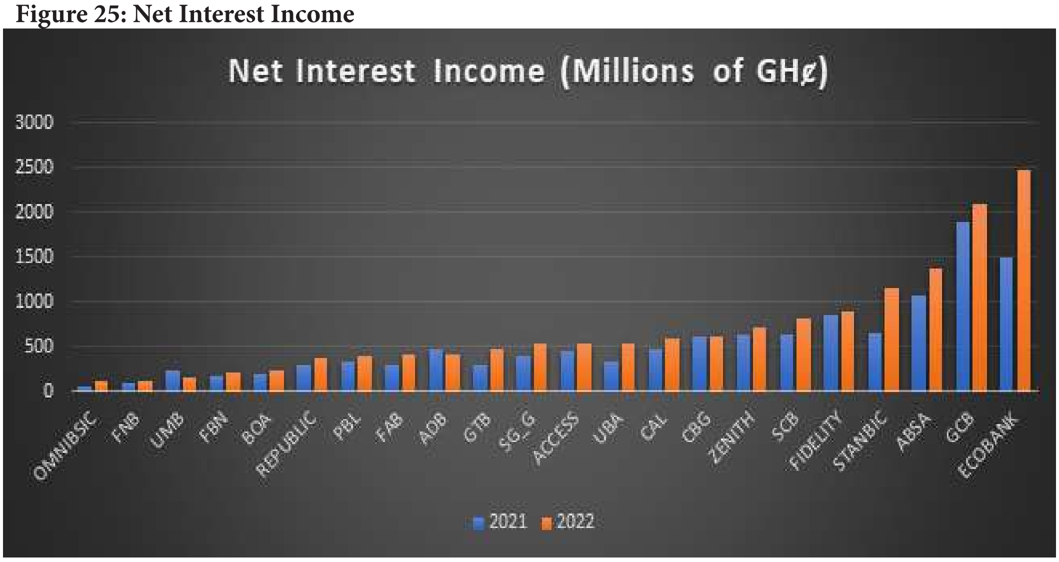


Source: Audited Bank Financials (2022): **NB:** Computation based on Data from 2022 banks

Net Interest Income and Net Interest Margin

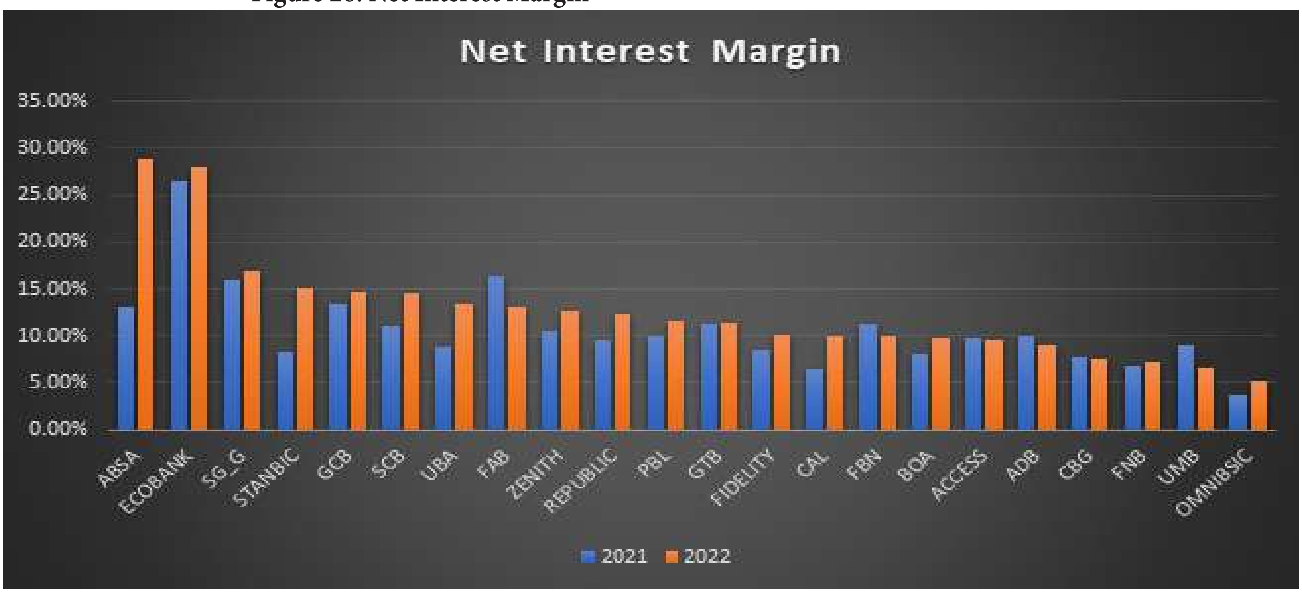
Both net interest income and net interest margin for majority of the banks showed marginal increases, affirming the banks' potential to thrive in the long-run. Although the industry's net interest margin has been on the decline for the past two to three years, it appreciated in 2022 to 12.63%; and cemented the Governor of Bank of Ghana's position that the banking industry is robust, resilient and profitable.

Figure 25: Net Interest Income



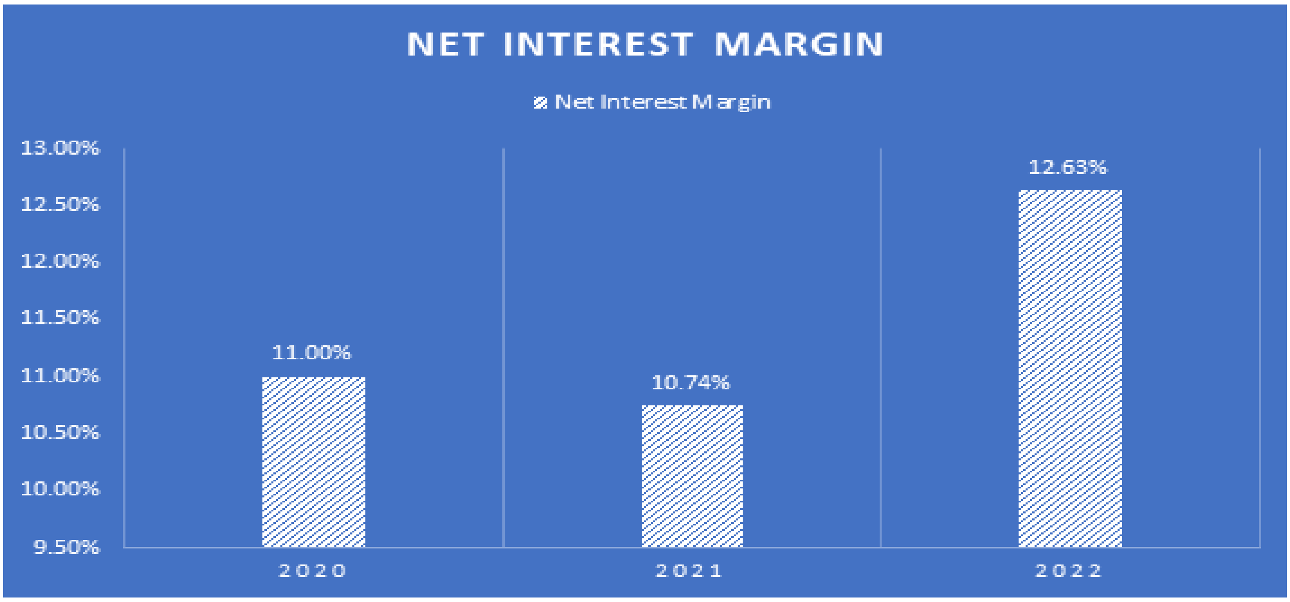
Source: Audited Bank Financials (2022): **NB:** Computation based on Data from 2022 banks

Figure 26: Net Interest Margin



Source: Audited Bank Financials (2022): **NB:** Computation based on Data from 2022 banks

Figure 27: Industry Net Interest Margin



Source: Audited Bank Financials (2022): **NB:** Computation based on Data from 2022 banks

Asset Quality and Financial Soundness Indicators

Non-Performing Loans (NPLs)

As indicated earlier, there has been significant growth in deposits by customers; which is clear indication that the financial system holds significant value of funds that can be used to finance private sector investment; and fuel growth in the sector. However, high non-performing loans (NPLs) ratio poses a threat to this economic transmission.

In spite of the challenges, non-performing loans in the banking industry have witnessed considerable improvements in recent years; and this could be attributed largely to enhanced supervision; improved risk assessment; macroprudential regulations; good economic performance, etc.

In 2022, NPLs ratio for the banking industry decreased marginally to 14.3%, from 16.1% in 2021; signaling an improvement. This positive development notwithstanding, it is imperative to maintain formidable credit culture in the country to curb the negative impact of NPLs on banks' operating and other assets.

Figure 28: Banks' Non-Performing Loans (NPLs) Ratios

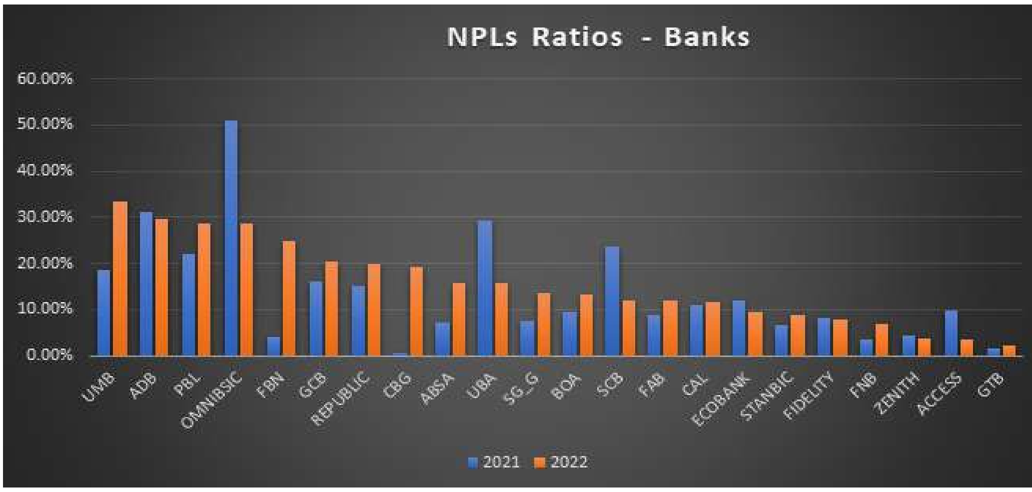
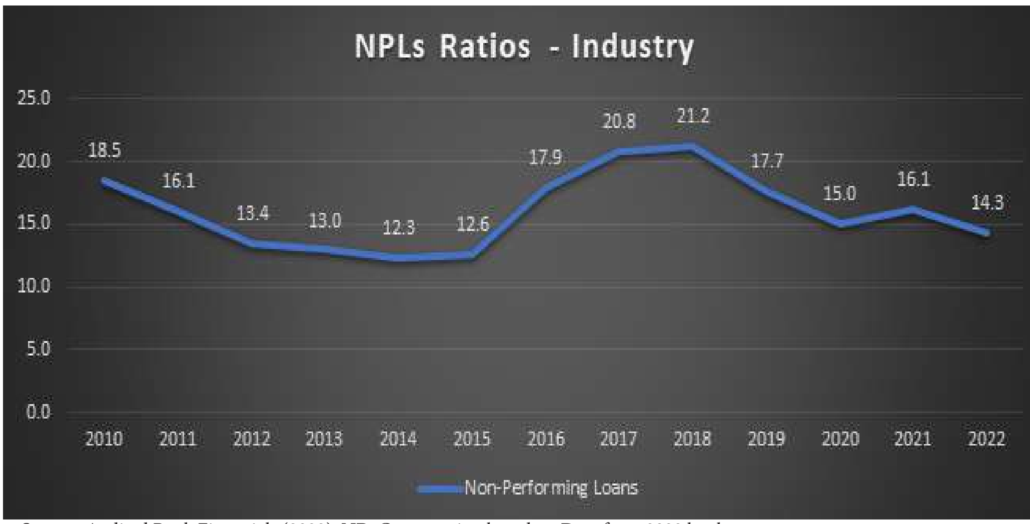


Figure 29: Industry's Non-Performing Loans Ratios

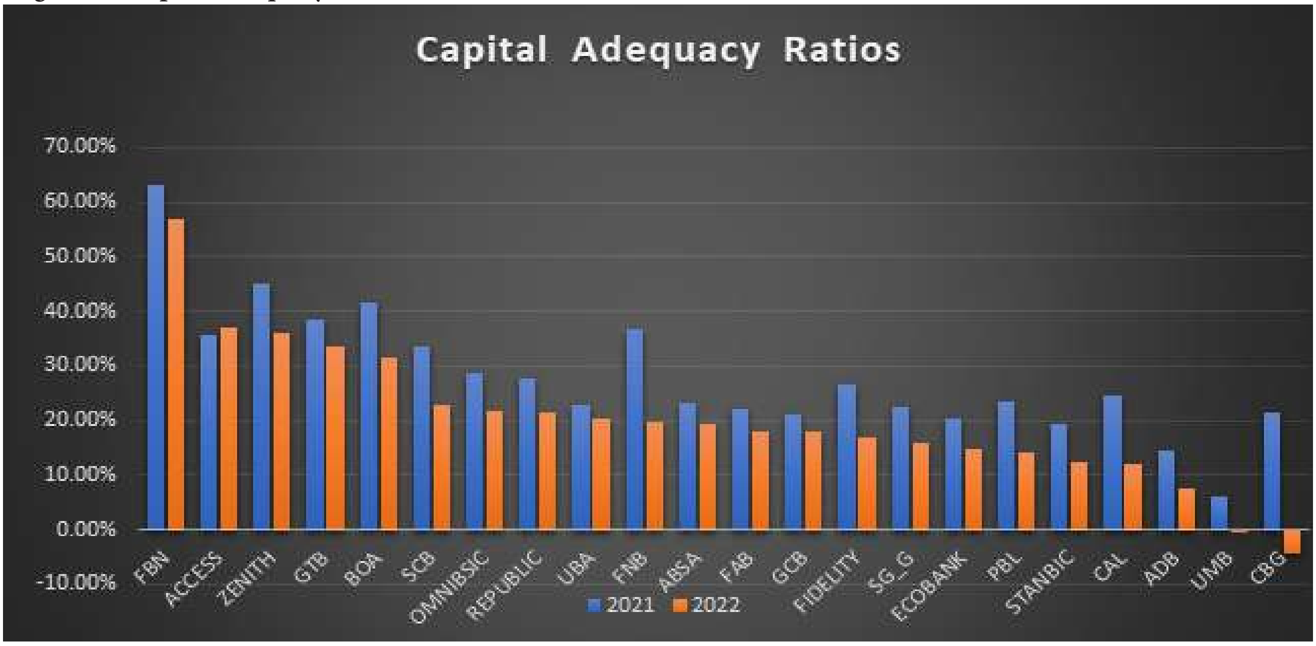


Source: Audited Bank Financials (2022): **NB:** Computation based on Data from 2022 banks

Capital Adequacy Ration (CAR)

The average minimum ratio of capital to risk-weighted assets for the banking industry in 2022 dipped slightly from 20.29% (in 2021) to 20.20%. This ratio, however, remained above the minimum buffer thresholds of 8% and 10.5% required under Basel II and Basel III respectively. All member banks, with the exception of Access Bank, recorded lower CAR in 2022 compared to 2021. Further, ADB, UMB and CBG ended the 2022 financial year with capital adequacy ratios below the minimum capital requirement; suggesting the need for some capital support to stay afloat. Thankfully, the Bank of Ghana is in the process of establishing a Financial Stability Fund that would provide the requisite assistance to banks with weak CARs; and would need buffers to remain liquid and competitive within the industry.
Generally, preponderance of the banks is well-capitalised; and have enough financial cushioning to absorb reasonable amount of losses. The data is indicative of the fact that, depositors' funds are protected; and the industry is stable and efficient. It is however imperative to observe the trend critically to avert any systemic risk that may arise from insolvency.

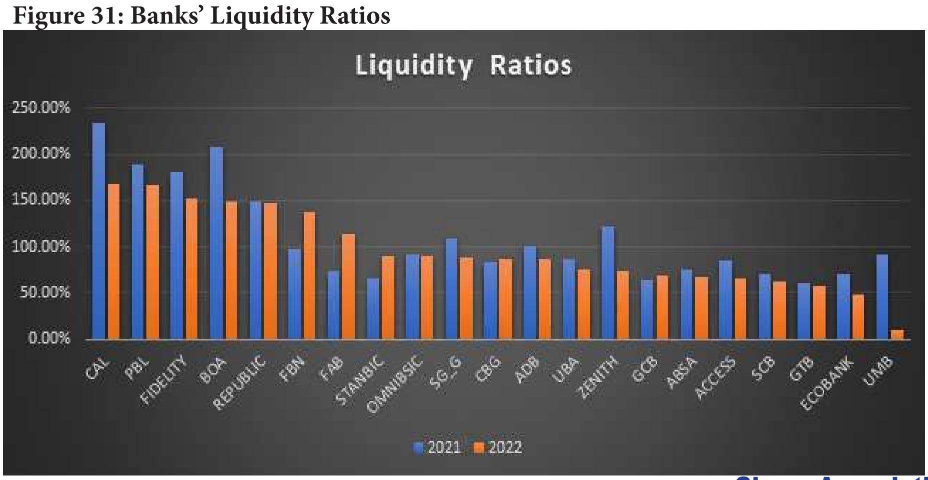
Figure 30: Capital Adequacy Ratios



LIQUIDITY INDICATORS

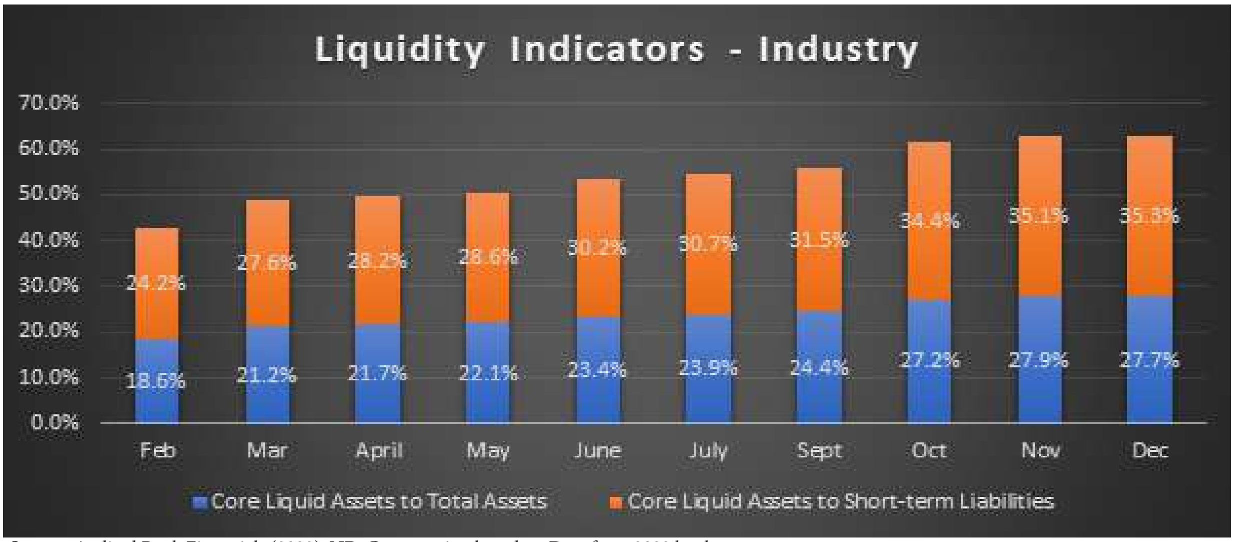
The liquidity of the banking industry is crucial for preventing bank runs and their domino effect on the entire financial system. Data on the banking industry in 2022 affirmed the industry's relative liquidity; the average ratio of core liquid assets of banks to short-term liabilities was 30.6%, which remained 4.68% higher than the ratio in 2021 (25.92%). The industry's ratio of core liquid assets to total assets remained 23.8% during the financial year under review.

Figure 31: Banks' Liquidity Ratios



The average liquidity ratio among the banks (95.38%) was above the required minimum limit for liquidity ratio (11.5%) sanctioned by the regulator. The analysis suggests liquidity of the banking industry remained strong and efficient, in spite of the economic uncertainty; and effects of the DDEP on banking operations during 2022.

Figure 32: Liquidity Indicators for the Industry



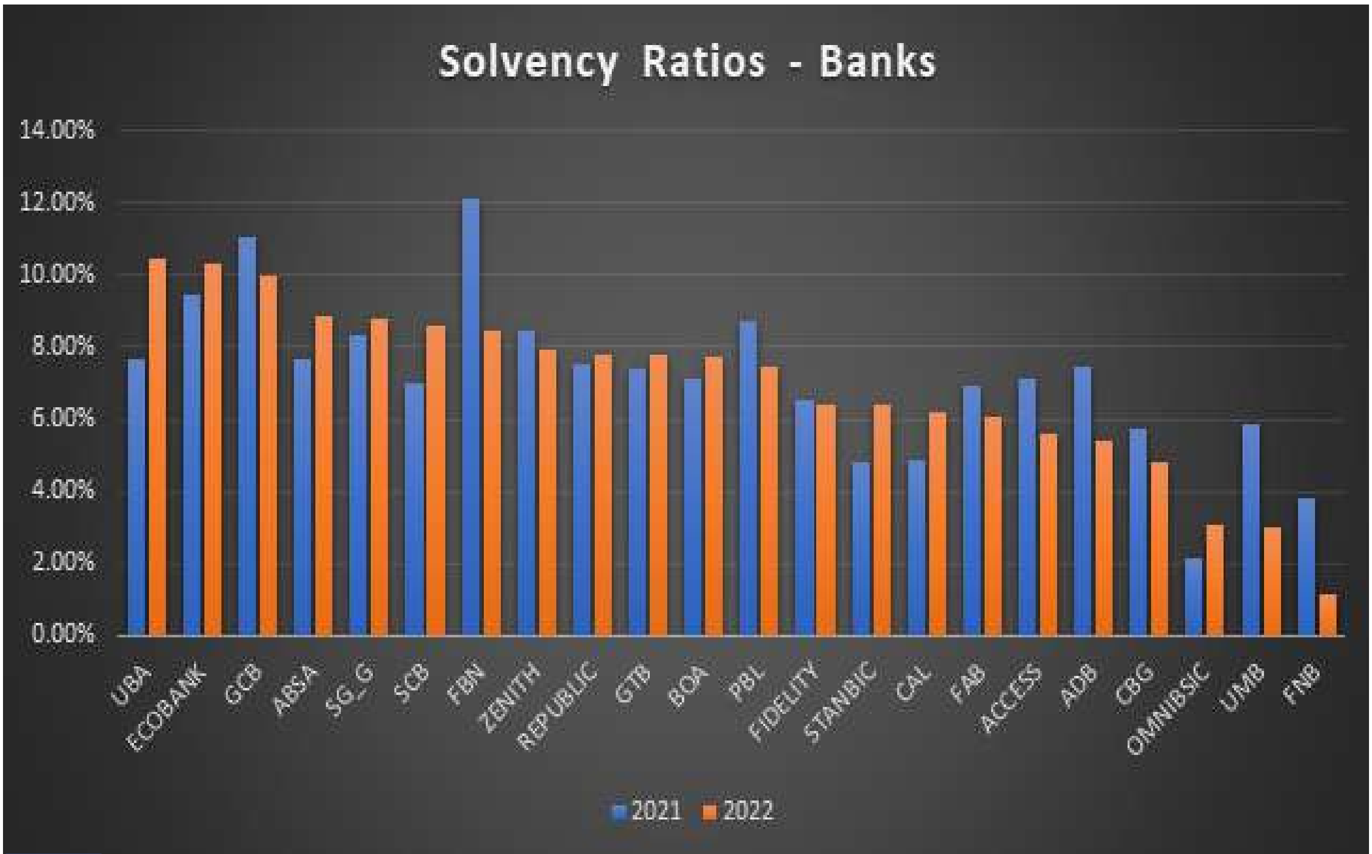
Source: Audited Bank Financials (2022): **NB:** Computation based on Data from 2022 banks

SOLVENCY

The ability of banks to meet their long-term debts and current financial obligations is paramount to the overall health of the banking industry. There are several solvency ratios. However, this report adopted [(net interest income + depreciation) ÷ total liabilities] ratio to measure solvency in the banking industry.

Data on the banks' solvency ratio revealed the presence of more liabilities compared to banks' net income. This may have implications for the banks' capacity to meet their long-term debts and financial obligations. The solvency ratio for all the banks in 2022 (6.92%) was lower than that of 2021 (7.18). UBA recorded the highest solvency ratio of 10.45%, followed by Ecobank (10.36%); with the rest recording less than 10%.

Figure 33: Industry's Non-Performing Loans Ratios



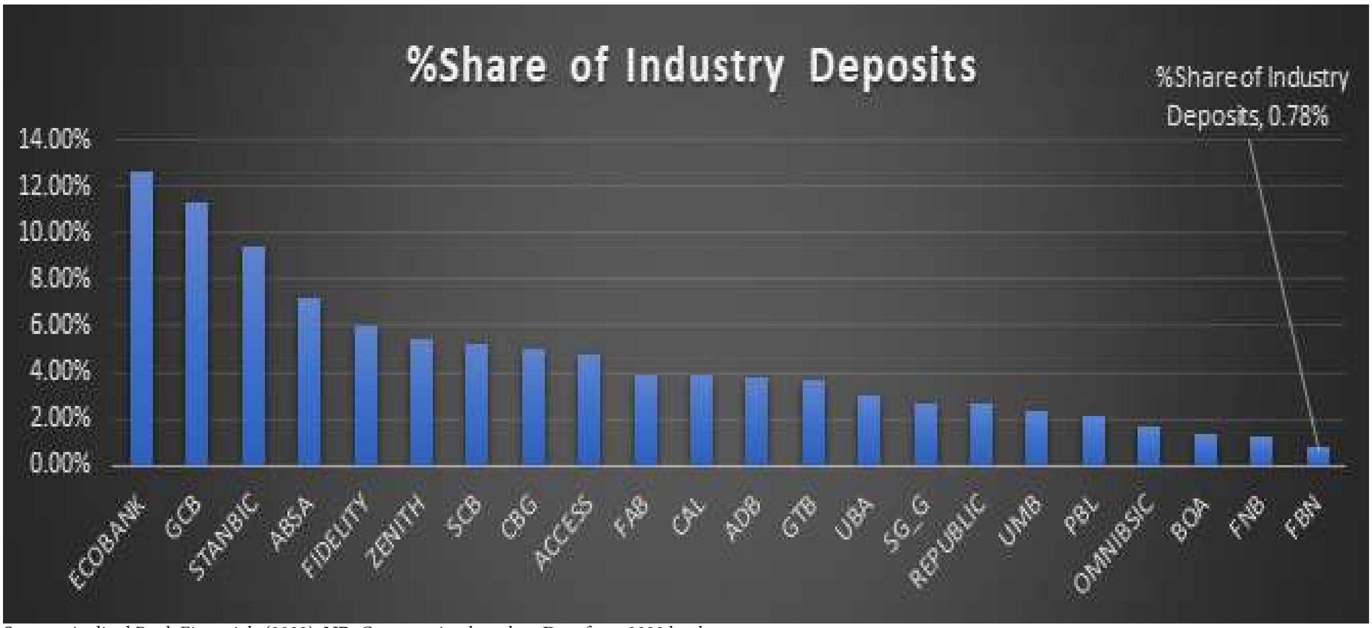
MARKET SHARE ANALYSIS

% Share of Industry Deposits
% Share of Industry Loans & Advances
% Share of Industry Assets

The rankings in Figure 34 affirm the share of industry deposits, advances and assets is grossly concentrated among the first-six banks. These banks often have more than 50% share of the industry's total deposits, loans and advances; and assets.

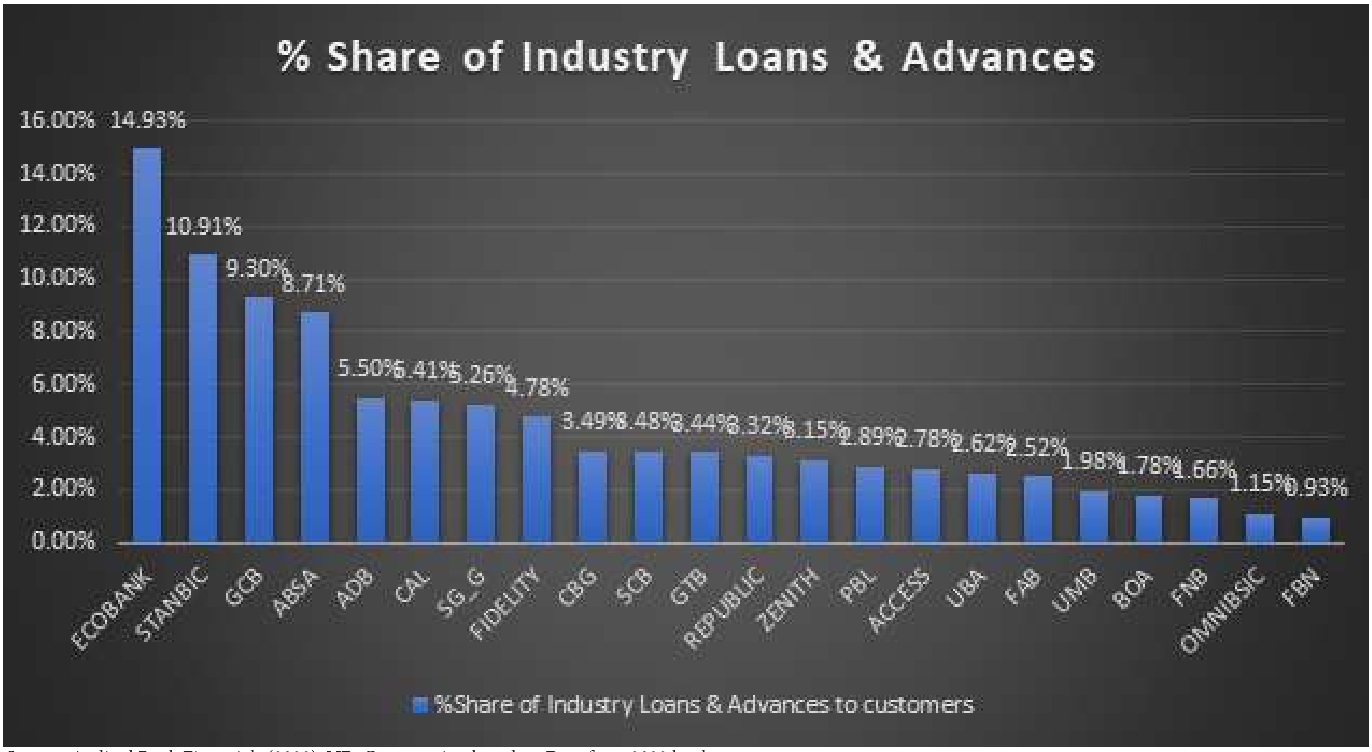
The Figures below (Figures 34 through 36) present the market share analysis on the banking industry, taking into consideration each bank's share of industry deposits, loans and advances; and assets.

Figure 34: Percentage Share of Industry Deposits



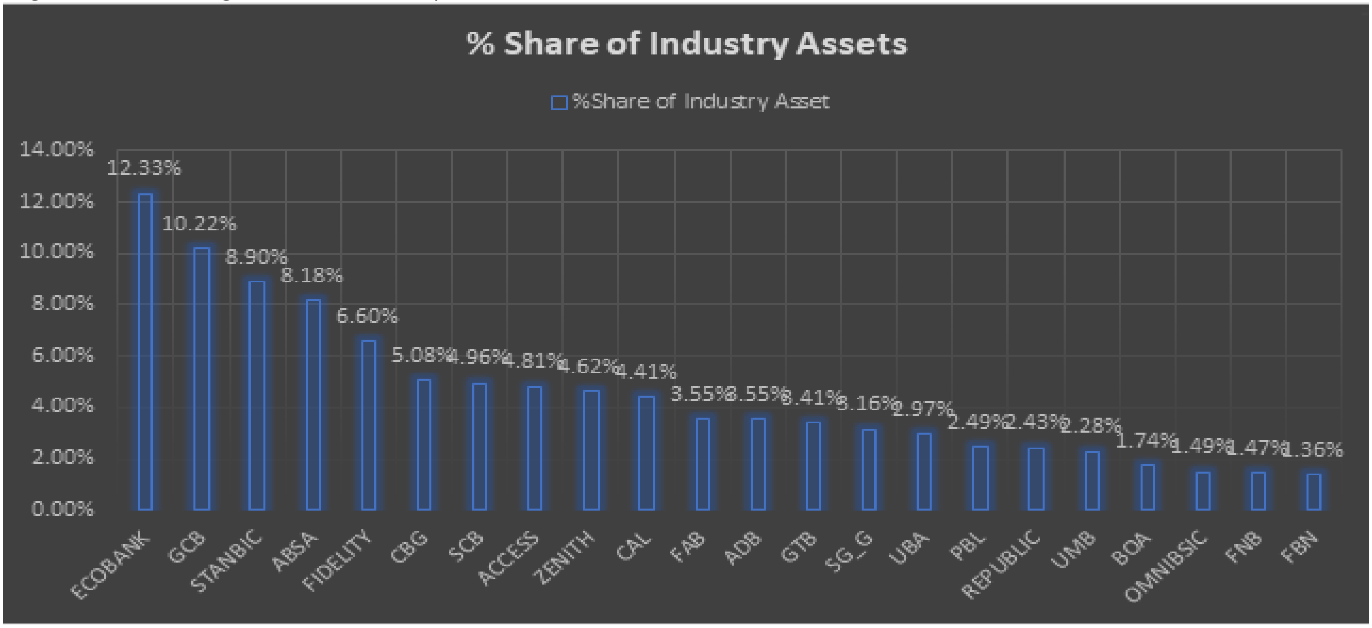
Source: Audited Bank Financials (2022): **NB:** Computation based on Data from 2022 banks

Figure 35: Percentage Share of Industry Loans & Advances to Customers



Source: Audited Bank Financials (2022): **NB:** Computation based on Data from 2022 banks

Figure 36: Percentage Share of Industry Assets



FINANCIAL STOCKS PERFORMANCE ON THE GHANA STOCK MARKET

The banking industry's performance on the stock exchange was a true reflection on the various sectors' financial performance in 2022. Financial Stock Index dipped significantly from the third to the fourth quarter of 2022, a period where most macroeconomic variables were unfavourable, coupled with a possible debt restructuring by the government. Market capitalisation of financial stocks also decreased considerably during the period to GH¢14.4 billion.

Figure 37: Financial Stock Index

Source: Bank of Ghana (2023)

Figure 38: Market Capitalisation of GSE-FSI

Source: Bank of Ghana (2023)

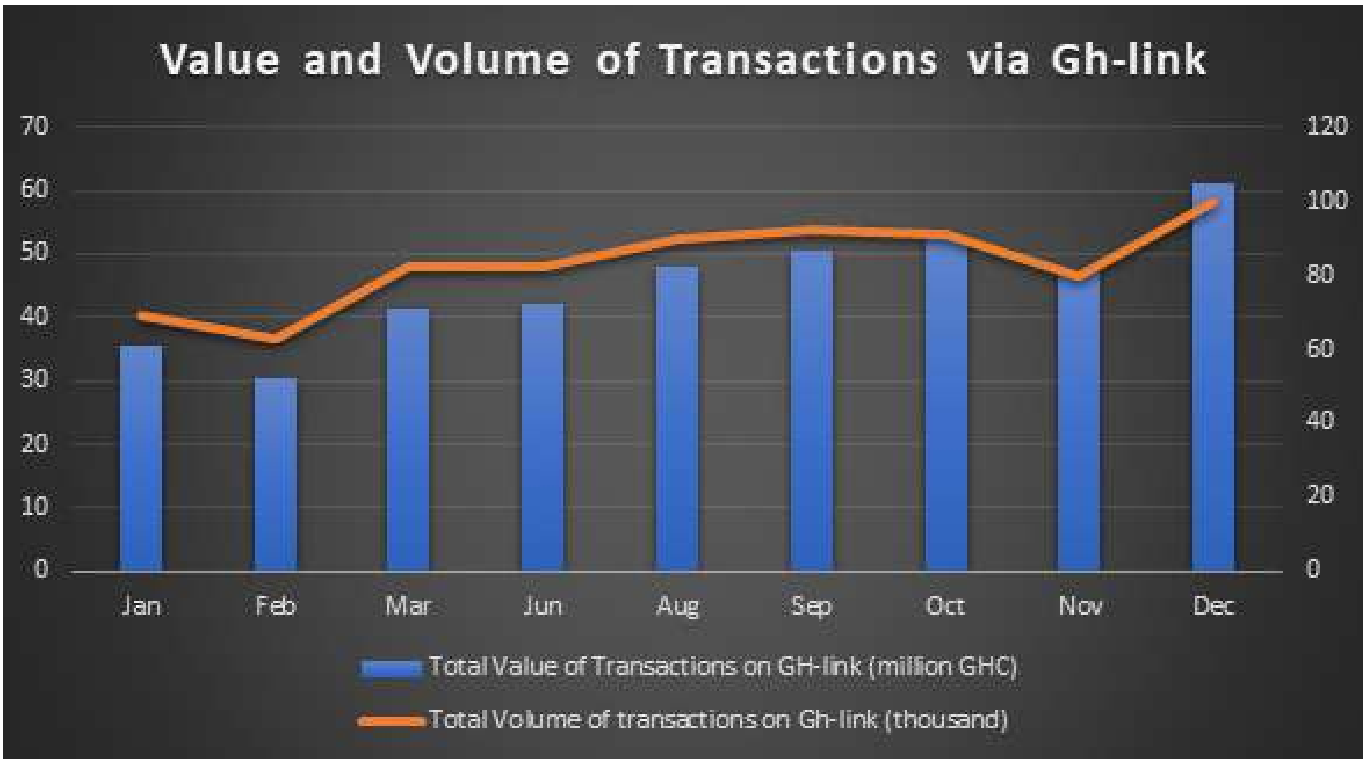
PAYMENT SYSTEMS IN THE BANKING INDUSTRY

According to the Ghana Association of Banks' CEO, Mr. John Awuah, there is high propensity of banks becoming huge Fintechs in the future. However, the ability to bring this ambition to fruition would depend largely on the level of penetration in the payment systems which have become the foremost approach for banking.

Payment system in the financial sector plays a critical role in promoting financial inclusion; and velocity of money in the economy. It also serves as the harbinger for determining industry's efforts in creating a cash-lite society.

Figures 39 through 42 present the various payment systems that are mostly patronised in the banking industry. Mobile money again tops the chart as the most widely used payment system in the financial sector with average transaction value of GH¢92.89 billion; and average transaction volumes of 431.33 million. Considering the cost of using mobile money to customers, it would be prudent if the banking industry prioritises GhanaPay, so it could get traction to rival other payment systems.

Figure 39: Value and Volume of Transactions via Gh-link



Source: Bank of Ghana (2023)

Figure 40: Value and Volume of Transactions via GhIPSS Instant Pay

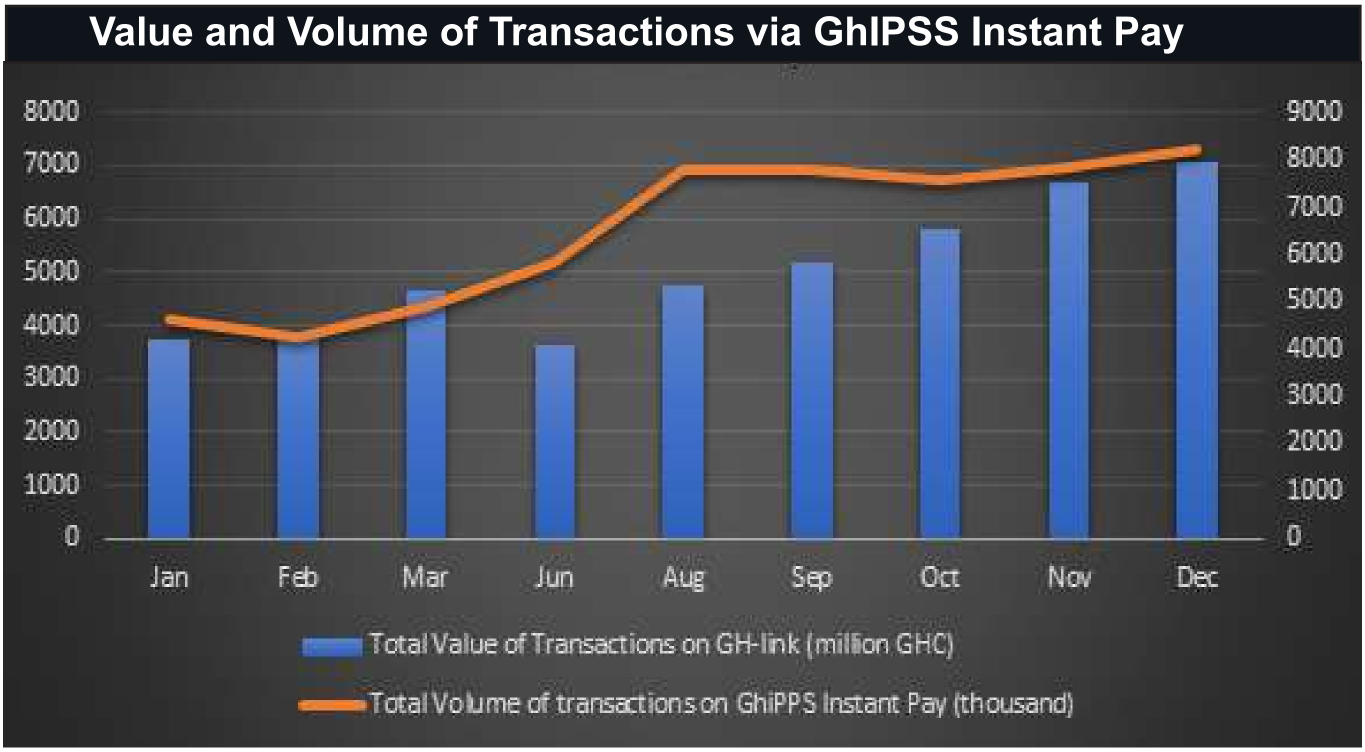
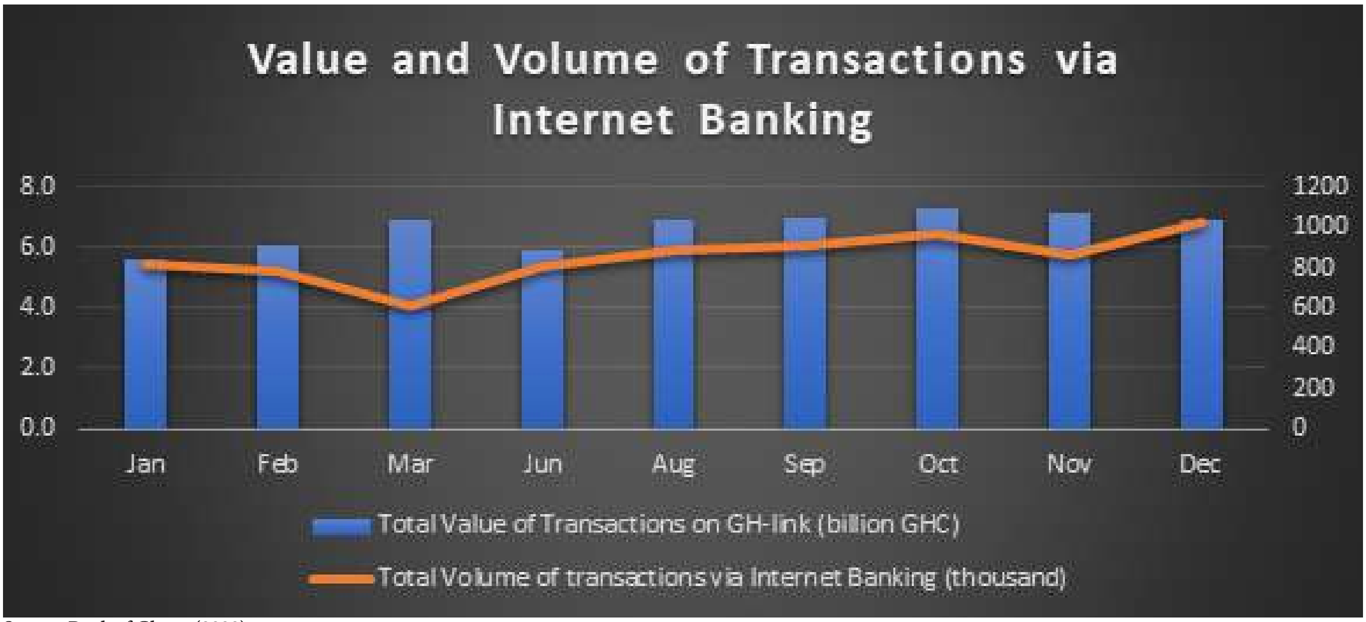
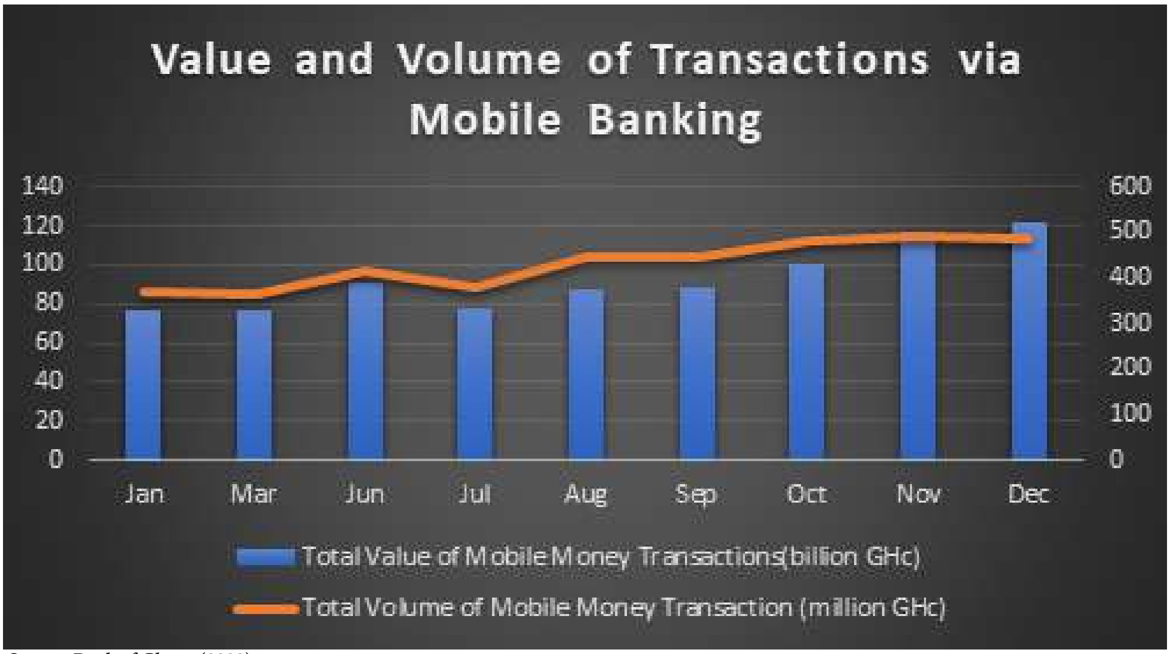


Figure 41: Value and Volume of Transactions via Internet Banking



Source: Bank of Ghana (2023)

Figure 42: Value and Volume of Transactions via Mobile Banking



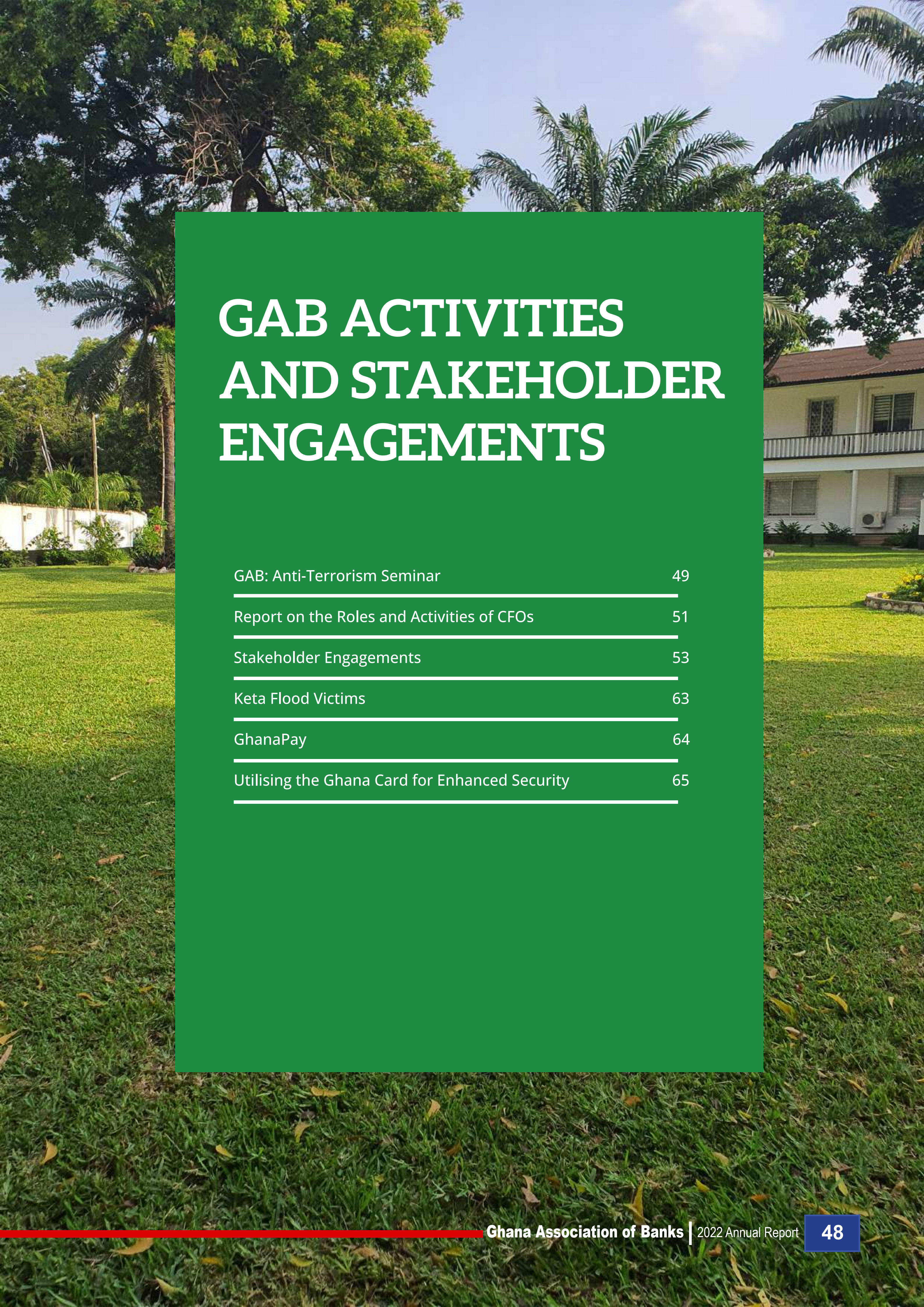
Source: Bank of Ghana (2023)

CONCLUSION

Analysis in the preceding section revealed strong performance of the banking industry during Q1 through Q3 of 2022 financial year. However, the industry was severely impacted by the huge losses incurred as a result of the implementation of DDEP during Q4 of 2022.

The foregoing notwithstanding, the industry, in the first quarter of 2023, showed signs of great recovery from the DDEP in the area of asset quality, liquidity, solvency, profitability; and return on equity.

Payment system in the banking industry during 2022 was again, dominated by the use of mobile money and internet banking. These are good prospects for creating cash-lite financial system; and an avenue for financial deepening, broadening and inclusion. Further, increasing use of various payment systems creates the perfect avenue for banks to explore other relatively cheaper alternatives such as GhanaPay.



GAB ACTIVITIES AND STAKEHOLDER ENGAGEMENTS

GAB: Anti-Terrorism Seminar	49
Report on the Roles and Activities of CFOs	51
Stakeholder Engagements	53
Keta Flood Victims	63
GhanaPay	64
Utilising the Ghana Card for Enhanced Security	65

GAB: ANTI-TERRORISM SEMINAR

Given the growing threat of terrorism from the sub-region and the expansionist drive of terror groups towards coastal West African States, GAB recognised the urgency to enhance security measures within the banking industry. To address these concerns, a comprehensive training programme was organised by the security services for Senior Bank Executives; and Bank Security Co-ordinators. The training programme enhanced security measures in the banking industry; and strengthened member banks' preparedness against emerging terrorist threats.

Key topics covered during the training programme included terrorist dynamics and risks; workplace terror response and management; other critical events' management; and benefits of the programme. Discussions allowed for in-depth analysis of global, regional and sub-regional case studies related to terrorist dynamics and associated risks; while the Executives gained valuable insights into the evolving tactics, strategies and motivations of terrorist groups. The programme revealed development of effective countermeasures and proactive security measures within the banking industry is predicated on better understanding of the modus operandi of these terrorist groups.

An industry framework for responding to and managing workplace terror incidents was developed during the programme. The Executives and Security Co-ordinators were provided with guidelines; and best practices to enhance the safety and security of bank employees, customers and facilities in the event of terror attack or attacks. Additionally, the training emphasised the importance of employer safety obligations; and the implementation of robust crisis management protocols. Such measures could significantly minimise potential risks; and ensure prompt and co-ordinated response during critical incidents.

Another major topic addressed during the training programme was critical event management beyond terror-related incidents. It explored the broader spectrum of critical events that banks may encounter, such as natural disasters, cyber threats and civil unrest. The Executives and Security Co-ordinators were equipped with essential knowledge and strategies to effectively manage these events, including business continuity planning, emergency response procedures; and co-ordination with relevant stakeholders. Generally, this comprehensive approach enables banks to maintain operations, protect customer interests; and uphold stability of the financial system, even during times of crisis.

Shared thoughts on benefits affirmed the training programme successfully provided valuable insights into the evolving landscape of terrorism; and ensured deeper understanding of global, regional and sub-regional terrorist risks. The programme's central focus on workplace terror response and management; and on other critical event management strategies empowered Executives to strengthen security measures; and enhance preparedness within the banking industry.

GAB acknowledged the importance of continuous training and collaboration to effective combat of emerging threats. Leveraging the knowledge gained from the training programme would allow banks to proactively adapt their security frameworks; mitigate risks; safeguard management and staff; and protect customers and facilities of institutions within the banking industry.

01

Report on the Role, Responsibilities and Activities of the Network of Chief Finance Officers (CFOs) in the Banking Industry

In today's dynamic global economy, the banking industry faces multifaceted challenges, ranging from regulatory reforms and market volatility to technological disruptions and changing customer expectations. The Chief Finance Officers (CFOs) play a crucial role in shaping the financial strategies; ensuring regulatory compliance; and fostering sustainable growth across the sector. Members of the Network of CFOs (or CFOs' Network) collectively pool their expertise to address common issues, identify emerging trends; and develop innovative solutions that strengthen the resilience and efficiency of the banking industry. Further, the Network serves as a platform for collaboration, knowledge sharing and exchange of best practices among its members.

Activities

For the period under review, activities of the CFOs' Network centred on advocacy and engagements with various entities, including the Bank of Ghana (BoG), Ministry of Finance (MoF), Ghana Revenue Authority (GRA), International Monetary Fund (IMF); and the Government's Debt Restructuring Advisors. In these engagements, the Network articulated the banking industry's views on the liquidity, solvency, accounting, tax; and other implications of the Domestic Debt Exchange (DDE) Programme; as well as the policy and regulatory reliefs needed to ensure the banking industry remained strong and resilient after the debt exchange programme. The Network also made significant contributions to the review of operational guidelines on correspondence bank exposure limits during the year.

Simulations and Scenario Analyses

The CFOs undertook various simulations and scenario analyses under various plausible assumptions; and proactively highlighted the potential impact of the various scenarios on individual banks and the banking industry in general. These simulations proved extremely useful to the Governing Council and General Assembly of GAB in the Association's engagements with the Ministry of Finance, Bank of Ghana, Ghana Revenue Authority; Institute of Chartered Accounts, Ghana (ICAG); and the top four licensed audit firms in Ghana.

01

Role in GAB's Engagements with MoF on GDDEP

The Network maintained collaborative relationship with the Ministry of Finance; and provided input to various fiscal policies, regulatory reforms and economic initiatives. Through their engagements, the Members advocated for policies that promote stable financial environment; enhance the banking industry's competitiveness; and contribute to the overall economic growth of the country.

Representatives of the CFOs' Network were part of a technical committee set up by GAB to assist in proposing various amendments to the Domestic Debt Exchange Memorandum. The work of the committee had a profound impact, eventually culminating in material changes to the term; coupon profile of the new bonds; and the inclusion, exclusion and amendment of certain clauses in the final Exchange Memorandum.

Role in GAB's Engagements with BoG

Under the direction of the General Assembly of GAB, the Network contributed to matters related to monetary policy, interest rate frameworks, liquidity management and solvency. The CFOs' Network assisted; and in some cases, represented the Association in its engagement with the Bank of Ghana on regulatory interventions, necessary to mitigate the impact of the debt exchange programme on banks and the financial sector. The quantitative impact assessments of the Programme undertaken by the CFOs, particularly on solvency, liquidity; and other prudential metrics, proved useful to GAB in its engagement with the Bank of Ghana. The resulting regulatory reliefs published by the central bank have been instrumental in ensuring post-DDEP stability of the entire financial sector.

Additionally, the Network made input to the review of operational guidelines on correspondence bank exposure limits. By fostering close relationship with the Bank of Ghana, the Network ensured the banking industry's interests and concerns were adequately represented; and taken into consideration in the formulation of key policies.

STAKEHOLDER ENGAGEMENTS 02

Engagements with GRA

Recognising the importance of tax-related matters to the banking industry, the Network maintained regular engagements with GRA. The Network provided valuable insights and recommendations on tax regulations, tax incentives; and other relevant fiscal matters. Executives of the Network engaged GRA for discussion on the losses arising out of the domestic debt exchange programme. There were many areas of convergence between GAB and GRA, as an outcome of these engagements; while in some cases, GRA was unable to grant GAB's requests on the basis of law and mandate.

Role in GAB's Engagements with ICAG

One of the probably unintended consequences of Ghana's domestic debt exchange programme was accounting implications in the context of the application of international financial reporting standards (IFRS).

In spite of the Government's announcement of "no haircut" in the domestic debt restructuring programme, the economic circumstances leading to the announcement, including the public debt profile; fiscal imbalances; sovereign credit rating downgrade; depletion of gross international reserves; currency depreciation; and high levels of interest rate and inflation, it was inevitable that banks would record significant amounts of expected credit losses (ECLs) for the year.

The CFOs' Network played a leading role in engaging the Institute of Chartered Accountants, Ghana (ICAG); and representatives of the big four audit firms in Ghana towards aligning the parameters for determination of expected credit losses; in compliance with the requirements of IFRS.

Convened Meetings

The Executive Committee and industry CFOs in general are committed to full compliance with the Network's Charter. In 2022, two executive meetings and five general meetings were held. The Charter of the CFOs' Network requires the Executives to convene at least one general meeting and one executive meeting every quarter. The Executive Committee is committed to more frequent executive and general meetings in the current financial year to maximise the Network's effectiveness in achieving its objectives.

Acknowledgment

The Network of CFOs is honoured to share the invaluable opportunity and support extended to the Network by the General Assembly of GAB. The Network is grateful for GAB's recognition of its expertise; and the encouragement to actively participate in shaping regulatory and fiscal policies.

STAKEHOLDER ENGAGEMENTS 03

It is refreshing to state, the General Assembly of GAB has endorsed the Network. The General Assembly's endorsement signifies a strong vote of confidence in the Network's ability to contribute to regulatory and fiscal policy development. This acknowledgment encourages the Network to actively engage with key stakeholders, including the government, central bank, external auditors, accounting and financial bodies; and other regulators. Together, the Network aims to foster a financial ecosystem that is resilient, transparent; and aligned with the interests of member banks, customers; and the broader economy. The Network is committed to fulfilling this responsibility; and looks forward to making positive impact in the realm of financial strategy and performance; corporate governance; operations resilience and innovation.

04

GAB: Anti-Fraud and Forensics Network Activities

The Anti-Fraud and Forensics Network within the banking industry plays a pivotal role in safeguarding the banking industry against fraud. It promotes proactive fraud risk management, conducts investigations; and collaborates with relevant stakeholders to combat fraudulent activities, thereby protecting the integrity; and ensuring stability of the banking system.

GAB's collaboration with AFFN during the financial year under review facilitated fraud risk management; knowledge sharing and training; investigations and forensic analysis; and partnerships with law enforcement and regulatory authorities. Others included policy advocacy; activities focused on addressing various fraud typologies including social engineering; awareness and training programmes; effective media engagements to highlight potential threats of cloned cheque fraud and Sim-Swap fraud.

Further, the collaboration allowed GAB and AFFN to organise several knowledge sharing events to promote partnerships; and exchange expertise among member banks. Key activities included Workshops on fraud risk factors, case studies and reports.

The collaboration improved commitment towards fostering culture of vigilance, integrity and ethical behaviour among member institutions; while encouraging the highest standards of compliance; and promoting the implementation of robust anti-fraud measures. Further, comprehensive training and education programmes were provided to enhance the skills of banking professionals; and this enables them to identify and report suspicious activities promptly. Strategic alliance with law enforcement agencies such as the Ghana Police Service; investigative bodies such as the Economic and Organised Crime Office (EOCO); and through close collaboration with mobile network operators, AFFN effectively facilitated joint operations that led to successful apprehension; and subsequent prosecution of numerous fraud perpetrators.

Through the integration of diverse expertise and pooling of resources from various organisations, these concerted endeavours have remarkably dismantled fraudulent networks; and ensured the culprits face legal consequences. This co-ordinated approach does not only serve as robust deterrent to potential fraudsters, but also sends resolute message that financial crimes would not be countenanced or tolerated.

05

GAB - Ghana Tertiary Education Commission

The Ghana Association of Banks (GAB) co-operated with the Ghana Tertiary Education Commission (GTEC) towards the conduct of the proposed study on graduate employability among various industries within the Ghanaian economy. The study was conducted to emerge with a national policy framework that would inform policy decisions and strategies on education and training among tertiary education institutions (TEIs) in the country.

Specifically, the nation-wide survey sought, inter alia, to develop national graduate employability skills framework through evaluation of the employability strategies of tertiary education institutions; and identification of skill shortage vacancies and skills gap within the Ghanaian labour market. The Ghana Association of Banks expressed interest and readiness to provide the requisite assistance to the Ghana Tertiary Education Commission to ensure the success of the study.

As a practical illustration of its commitment, GAB wrote a formal introductory letter for GTEC to facilitate data collection from member banks throughout the country. The content of the letter urged member banks to co-operate with GTEC officials and field staff during the process of questionnaire administration and data gathering to ensure the resounding success of this pertinent national exercise.

GAB honoured an invitation to the consultative workshop organised by GTEC in connection with survey.

GAB - Institute of Directors - Ghana

The Ghana Association of Banks participated in the stakeholders' meeting organised by the Institute of Directors-Ghana to elicit comments on the first draft of the National Corporate Governance Code.

A report compiled by GAB after comprehensive review of the draft-document affirmed the need for promotion of effective corporate governance practices among businesses, organisations and government establishments and institutions in various economies around the world; as this phenomenon has often dominated public debates and discourse in recent years.

GAB noted, the discourse on urgent need for effective corporate governance is increasingly gaining global attention due to a number of factors. These include the need to institute measures that would avert any imminent financial crises in the near or distant future or both; need to ensure promotion of sustainable business practices and mitigation of climate change; and the need to promote corporate sector that is characterised by efficiency and has the potential to drive economic growth.

Content of the Companies Act of 2019, Act 992; and the 2020 Securities and Exchange Commission's Code formed an integral basis of developing the current code that sets the national standard for governance. Existing sector-specific codes were recognised to affirm and reflect unique governance requirements for different sectors.

Two new sectoral governance codes have been developed for the informal sector, including micro-, small- and medium-sized enterprises (MSMEs); and not-for-profit sector, including educational institutions, non-governmental organisations (NGOs), charities, religious bodies, professional associations, political parties, recreational clubs and societies; and others.

IoD
INSTITUTE OF DIRECTORS-GHANA

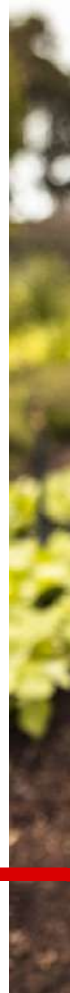
GAB - Ghana International Trade Commission

Series of consultative meetings on collaborative research were organised by the Ghana International Trade Commission (GITC) in collaboration with the Ghana Export-Import (EXIM) Bank, Ghana Free Zones Authority, Ghana Association of Banks (GAB) and other institutions to conduct holistic research into the poultry industry to identify and address pertinent issues related to production, quality, feed and trade.

The consultative meetings of stakeholders further sought to minimise the menacing effect of the increasing levels of imported poultry products on the local industry, including discontinued operations or farm closures, low revenue levels, loan obligation challenges and job losses; with the attendant adverse impact on national economic development.

A Presentation by GAB to stakeholders at one of the consultative meetings acknowledged member banks as one of the key stakeholders in the country's drive for socio-economic development; and highlighted initiatives of institutions in the banking industry to provide support for small- and medium-sized enterprises (SMEs) in prior and recent years, across the country.

The presentation affirmed steps taken by some banks to establish departments solely for SME-related transactions and support; and the integral role of some member banks in the Commercial Model of the Government's YouStart initiative, which is envisaged to be implemented by the Ministry of Finance (MoF) through the YouStart Secretariat.



GAB presented a brief Paper on the topic: “2023 Budget and Economic Policy: Implications for the Ghanaian Poultry Industry” to stakeholders at the consultative meetings. The paper emphasised implications of the 2023 Budget and Economic Policy Statement for import substitution and export orientation; implementation of GhanaCARES and YouStart Programmes; flagship programmes by the Ministry of Food and Agriculture (MoFA); establishment of GH¢500 million special credit programme by the Development Bank of Ghana (DBG) towards accelerated development of poultry, rice, cereals, pharmaceuticals, manufacturing, tourism, textiles and garments.

Other highlights included implications of the 2023 Budget and Economic Policy Statement for the development of agricultural insurance for farmers through the Ghana Agricultural Insurance Pool (GAIP); improvement in public sector efficiency; promotion of made-in-Ghana brands through the African Continental Free Trade Area (AfCFTA); and measures taken by the Bank of Ghana (BoG) to address exchange rate depreciation.

GAB - MoFA on Banks’ Strategic Lending to the Agric. Sector

The Minister for Food and Agriculture, Hon. Dr. Owusu Afriyie Akoto, in recent pronouncements in the media recommended the passage of law that would compel member banks to allocate a percentage of lending specifically to Ghana’s agricultural sector. In his view, such mandated programmes have been successful in India; and called for a similar legislation to be enacted and implemented in Ghana to compel banks to increase lending to the agricultural sector. Dr. Akoto asserted, a policy document to that effect has already been submitted to Cabinet for consideration and approval.

However, the content of a Paper presented by GAB to the Minster for Food and Agriculture during a meeting held in the Minister’s Office assessed the potential impact of such a policy and implication for the banking industry in the event of the passage of a legislation that compels the industry to allocate specific share of lending portfolio to the country’s agricultural sector.

Inherent in the discussion were recommended measures that would ensure concerted efforts of key stakeholders such as elected governments and financial institutions, specifically banks towards identifying agricultural sector risks; and strategically working towards addressing the phenomenon. The recommendations included identified practical measures that could be rolled-out by the government and other key stakeholders; and direct interventions that could be implemented by member banks.

GAB - Centre for Private Sector Development and Inclusive Trade

The Centre for Private Sector Development and Inclusive Trade (CPSDIT), in collaboration with its stakeholders embarked on an exploratory study on the topic: “The Role of Factor Financing in Export Trade Development in Ghana.” The study was expected to serve as an export financing solution towards the promotion of export trade in the country; and CPSDIT identified GAB and member banks as key informants on the subject.

The study outcome was expected to form the basis of a policy brief on the development of factor financing as part of measures towards boosting the country’s export within the framework of the National AfCFTA Policy Framework and Action Plan; and the National Export Development Strategy.

As its contribution to the success of the study, GAB was expected, within a given time frame, to provide responses for a set of questions presented by CPSDIT. Responses to some specific questions elicited from member banks together with other searches conducted on the exploratory study were synthesised to inform GAB’s response to all the pertinent questions on the phenomenon. The synthesised responses were emailed to CPSDIT.

GAB - COCOBOD

Earlier reports received by GAB from the various banks affirmed, significant outstanding payments from COCOBOD were having severe impact on the capacity of LBCs to honour their short-term loans and overdraft obligations to the banking industry. Although some payments had been made, the outstanding amount remained huge and significant; these outstanding payments had dire implications for the books of the affected banks, due to IFRS standards and requirements. Further, the outstanding payments had the potential to affect the banks’ commitments to LBCs during the new cocoa season for 2022/2023.

To address the phenomenon, GAB arranged a strategic meeting with the CEO of COCOBOD to deliberate on plans for expeditious settlement of outstanding commitments before the commencement of the new cocoa season. Specifically, the meeting sought to discuss how banks in Ghana could support the activities of COCOBOD for the new cocoa season; and also highlight the impact of the huge indebtedness of LBCs on the banking industry.

The CEO of GAB, Mr. John Awuah, asserted, the exposures had the potential to affect banks’ effective participation in the new cocoa season; as they are confronted with impairments, balance sheets and regulatory challenges. In essence, banks may drag their feet when it comes to seed funding for LBCs.

Mr. Joseph Boahen Aidoo, CEO of COCOBOD, acknowledged the role of banks in the effective discharge of COCOBOD's mandate towards cocoa farmers and the nation; and affirmed COCOBOD's commitment towards addressing the financial challenges to assure sustainable and productive relations between COCOBOD and member banks. He noted, measures have been put in place by COCOBOD to respect and address existing payment arrangements; and that, current outstanding payments would not affect funding for the next season.

The Chief Finance Officer (CFO) admitted, COCOBOD was saddled with cash flow challenges. However, the challenges were related to timing; and not capacity-based; and that, by the end of October 2022, all banks' outstanding balances owed by LBCs would have been honoured; the latest would be during the first week in November 2022. COCOBOD has enough buffers to absorb shocks that may arise; production is on the increase; while cocoa consumption globally is witnessing gradual improvements.

As next strategic steps, GAB, COCOBOD and BoG were expected to constitute a tripartite committee to review existing interest charges on loans to LBCs; while banks were envisaged to collaborate with the Bank of Ghana to consider the acceptance of cocoa beans as collateral for loans contracted by cocoa farmers.

In July 2023, COCOBOD signed an Exchange Memorandum with some member banks. In the Exchange Memorandum, COCOBOD invited the member banks to exchange short-term maturity bills for longer-term bonds, with longer-term principal maturity date. The Exchange Memorandum was reviewed and approved by the Securities and Exchange Commission (SEC). Provisional approval was obtained from the Ghana Stock Exchange (GSE) to facilitate admission and trading of the New Bonds on the Ghana Fixed Income Market of the Ghana Stock Exchange. However, granting of such an approval was contingent on COCOBOD's ability to fulfill all the listing requirements. The invitation to exchange was expected to expire at 4pm on August 4, 2023.

GAB - MoTI

The Ghana Association of Banks collaborated with the Ministry of Trade and Industry (MoTI) towards the establishment of Technical Working Group for Vehicle Financing Scheme for the Ghana Automotive Development Programme. To ensure success of the Initiative, GAB nominated two executives from member banks; and names of the nominees were listed and presented to the Ministry of Trade and Industry.

GAB - PEF

A two-day residential workshop was organised by the Private Enterprise Federation (PEF) to facilitate its engagement with Parliament, duty bearers, GAB and other stakeholders towards the adoption and implementation of a tiered tax system in Ghana. The workshop was further intended to build the capacity of selected micro-, small- and medium-sized enterprises (MSMEs) to ensure their readiness; and competitiveness during implementation of the Africa Continental Free Trade Area (AfCFTA).

Deliberations at the workshop revealed, the tiered system has the potential to augment the country's revenue that is mobilised through taxation; increase the availability of funds for national commitments; create economic stimulation; reduce targeted borrowing amount for national development and other purposes; and chart the economy on the course of resilience and stability.

GAB - IFRIG

The Islamic Finance Research Institute Ghana (IFRIG) in collaboration with the International Centre for Islamic Culture and Education (ICICE); International Institute of Islamic Banking and Finance, Bayero University, Kano (IIBF-KUK); Zakat and Sadaqah Trust Fund of Ghana; and S.A.I.D Academy, organised an international conference on Islamic Finance in Accra.

GAB attended the conference which was the third in the series; and organised under the theme: strengthening financial inclusion through ethical financing. Experts and professionals invited to the conference took turns to share their thoughts and expertise with participants. Various presentations bordered on ethical banking and finance principles; ethical finance and UN SDGs; sukuk and infrastructure financing; emergence of urban capital; and legal perspective on banking in Ghana.

Dr. Shaibu Ali, Director-General of IFRIG, hinted plans were far advanced for the Islamic Finance Research Institute Ghana to establish a financial institution in the country during 2023. Proposed name for the financial institution is Urban Capital Savings and Loans Company Limited.

However, Mr. Justice Abdullahi, Law Lecturer at the University of Professional Studies (UPSA) Law School, noted from a legal point of view, the proposed bank could be established; and operate if it passes the litmus tests of state institutions such the Economic and Organised Crime Office (EOCO); other government establishments whose mandate includes effective scrutiny of the activities of all licensed financial institutions in the country; and if the proposed bank ensures efficiency and effectiveness in its compliance with the Bank of Ghana's (BoG's) Directives.

Quite importantly, the proposed bank or financial institution would be expected to operate in tandem with the Banks and Specialised Deposit-Taking Institutions Act of 2016, Act 930. Provisions in this Act clearly spell-out the "dos" and "don'ts" that could facilitate banking operations in the country. Further, government agencies would be interested in ascertaining how the proposed bank would be funded; and the potential sources of deposits into the bank.

Finally, these government agencies would be interested in determining whether the proposed bank would serve as conduit for financing terrorism and money laundering, among other pertinent activities that violate financial laws of the country. Affirmative responses to the foregoing questions and compliance with other administrative requirements could expedite the process; and duly inform the Regulator's decision.

iFRIG
Islamic Finance Research Institute Ghana

GAB: NOCs for Banks and CIT Companies

The spate of armed robbery attacks on financial institutions in recent years made it expedient and exigent for Banks and Cash-in-Transit (CIT) Companies to acquire standardised armoured cash vehicles for CIT operations in the country. However, the approval process for CIT companies and Banks to acquire the necessary No Objection Certificates (NOCs) for importing armoured vehicles was persistently slow.

Consequently, the affected institutions were faced with the challenge of not meeting the central bank's deadline, resulting in the accumulation of demurrage fees; and other incidental charges from their vehicle suppliers. Recognising the urgency of the matter, the Ghana Association of Banks (GAB) took the initiative to engage the Ministry of the Interior to expedite the approval process; and mitigate the financial burdens faced by its member institutions. The actions taken, outcomes and impacts are explained briefly in the ensuing section.

Actions

Consultation and Collaboration: The GAB, under the guidance of the Governing Council, initiated consultations with the Ministry of the Interior to understand the reasons behind the delays in the approval process. These consultations provided valuable insights into the challenges faced by the Ministry and allowed for the identification of potential solutions.

Proposal Development: Building upon the insights gained from the consultations, GAB meticulously crafted a comprehensive proposal highlighting the urgency and importance of expediting the approval process. The proposal outlined the detrimental financial consequences faced by Banks and CIT companies due to demurrage fees; and incidental charges, emphasising the need for immediate action.

Advocacy and Negotiation: GAB engaged in constructive dialogue with the Ministry of the Interior. The deliberations centered around enhancing awareness regarding the challenges encountered by member institutions; and advocating for a more efficient approval process for NOCs. Through persistent negotiation; and presenting the compelling case outlined in the proposal, GAB was able to secure the Ministry's support and commitment towards addressing the issue promptly.

Co-ordination and Implementation: Following the successful negotiation, GAB worked closely with the Ministry of the Interior to ensure smooth and efficient implementation of the revised approval process. Regular communication and co-ordination among GAB, Member Banks and the Ministry were maintained to address any challenges; and provide necessary support during the transition period.

Results and Impact

As a direct outcome of GAB's efforts, Banks and CIT companies were granted formal approval to obtain the NOCs required for importing armoured vehicles. This achievement had positive impact on Member Banks, notably relieving them of the financial burdens associated with demurrage and incidental charges at the Ports of clearance. Consequently, Banks and CIT companies were able to procure the standard vehicles mandated by the Bank of Ghana for their CIT operations, ensuring compliance with regulatory requirements.

The Association is pleased to report that Banks and Cash-in-Transit vendors within the banking industry diligently adhered to the regulations set by the Bank of Ghana. In compliance with these regulations, Banks and CIT vendors have made substantial investments to procure standard armoured cash-in-transit vehicles, demonstrating GAB's commitment to ensuring the safety and security of cash transportation in the country.

These specialised vehicles, designed to withstand attacks; and equipped

with advanced security features, provide robust layer of protection during cash transportation. Further, the Bank of Ghana's standards and regulations ensure these vehicles adhere to the highest safety protocols.

Conclusion

The dedication and perseverance of GAB are exemplified in the successful outcome of obtaining formal approval for Banks and CIT companies towards the acquisition of NOCs. By actively engaging with the Ministry of the Interior, GAB played a pivotal role in alleviating the financial burdens faced by Member Banks; and expedited the enabling environment for them to meet regulatory deadlines. The collaboration and co-ordination among GAB, Member Banks and the Ministry have been instrumental in achieving this milestone.

GAB continues to maintain an pen line of communication with relevant authorities, including the Ministry of the Interior to address any future challenges; and ensure smooth functioning of the banking and CIT industries.

The Association would like to express its gratitude to the Governing Council for its unwavering support and guidance throughout the process. It is through collective efforts and collaborative approach as an industry that this significant milestone was achieved for member institutions.

Keta Flood Victims

The Ghana Association of Banks (GAB), representing its Member Banks, demonstrated its unwavering dedication to the welfare of Ghanaians in times of crisis. In response to calls for contributions by the Volta Tidal Waves Relief Fund (VTWRF), GAB embarked on a compassionate endeavour to provide relief and support to the flood victims along the coast of the Volta Region, specifically in the Ketu South, Keta and Anloga Districts. With the collective efforts of all the 23 banks and ARB Apex Bank, GAB successfully procured and donated over 3,000 mattresses to the affected communities.
The primary objective of this donation was to offer immediate assistance to the victims who had suffered loss of livelihoods and properties as a result of the devastating natural disaster. GAB recognised the urgent needs of the affected individuals and families; and through this act of generosity, aimed to alleviate their hardships by providing essential bedding supplies.

This initiative by the Ghana Association of Banks underscored the Member Banks' strong community spirit; and continuous dedication to supporting Ghanaians in times of need. By extending a helping hand to the flood victims, GAB and its Member Banks demonstrated their commitment to making positive impact on the lives of those affected; and offered sense of hope and solidarity during their path to recovery.

GhanaPay

During the year under review, the Ghana Association of Banks (GAB), in partnership with Ghana Interbank Payment and Settlement Systems (GhIPSS); and under the auspices of the Bank of Ghana (BoG), embarked on a collaborative venture. This initiative aimed to introduce a comprehensive mobile wallet service platform for the banking industry, known as GhanaPay. The platform is made available through the participation of universal banks, rural banks and savings and loans institutions.

After productive discussions and engagements involving the Association's Member-Banks and GhIPSS, both the no-integration and integration with APIs options were presented to banks for User Acceptance Tests (UAT). Subsequently, in adherence to the established process, the product (GhanaPay) underwent a successful two-week trial period, exclusively involving staff of members-banks; and selected telecommunication companies in the country.

Following the successful trial, the product was officially launched to the public by the esteemed Vice President of our Republic, Chief Executive Officers (CEOs) of GAB and its Member-Banks, CEO and Management of GhIPSS and Bank of Ghana, among other stakeholders, marking its availability and accessibility to a wider user base. GhanaPay offers accessible mobile money services to individuals and businesses, regardless of whether they have a bank account.

Registering with GhanaPay allows users to establish direct relationship with banks; and gain unlimited access to banking services, alongside mobile money transactions and functionalities. Transfers through GhanaPay are free, with only e-levy charges applicable. Registration options include self-registration via dialing *707# or using the GhanaPay App; registering at a bank-branch; or visiting designated agents. Users can deposit, withdraw and redeem tokens at bank-branches or designated agents; with transaction limits based on registration information. Interest payments on daily balances are disbursed quarterly; while customers could obtain assistance through the GhanaPay toll-free number; or by contacting their bank.

Utilising the Ghana Card for Enhanced Security in Financial Transactions

In line with its commitment to safeguarding the integrity of the financial system, the Bank of Ghana (BoG), under Regulation 7 of the National Identity Register, 2012 (L.I. 2111), issued NOTICE NO. BG/GOV/SEC/01 TO ALL LICENSED FINANCIAL INSTITUTIONS AND THE GENERAL PUBLIC. This directive established the Ghana Card as the sole identification card to be used for all financial transactions within Bank of Ghana licensed and regulated financial institutions.

Implementation Efforts

Recognising the paramount importance of a seamless implementation, the Ghana Association of Banks (GAB) took proactive measures by establishing a Technical Committee comprising representatives from member-banks.

This committee closely collaborated with key stakeholders, including the Bank of Ghana and the National Identification Authority (NIA), to develop a comprehensive roadmap for integrating the NIA's Identity Management Solutions with the banking industry. The Committee engaged in productive discussions that addressed critical issues in areas such as system specification and connectivity, solution design, piloting and testing, documentation and guidelines, project piloting and testing review, go-live; as well as monitoring and evaluation.

To ensure staff of member banks possess the essential knowledge and skills, the Bank of Ghana, in collaboration with Identity Management Systems (IMS), the technical partners of the National Identification Authority (NIA), co-ordinated an extensive capacity-building initiative. This programme entailed training selected staff from member-banks on verification procedures for various scenarios, including onboarding customers, facilitating transactions for existing customers, handling transactions for foreign non-residents staying in the country for less than 90 days; and processing transactions for foreign diplomats and their dependents.

Awareness and Compliance

To foster extensive awareness and adherence, the Ghana Association of Banks assumed a proactive stance by spearheading a centralised media campaign aimed at urging customers to conscientiously update their bank records with their Ghana Card particulars.

Further, customers who do not possess the Ghana Card were advised to obtain one and proceed with the necessary steps to update their bank records. The overarching goal of this endeavour was to attain a minimum compliance rate of 90% across all bank accounts.

Benefits and Impacts

Successful implementation of the Ghana Card as the sole identification card for financial transactions has had several positive impacts on the banking industry.

Improved Efficiency

By consolidating multiple forms of identification into a single card, the Ghana Card streamlines the process, leading to increased efficiency in banking operations. This eliminates the need for time-consuming identity verification processes.

Enhanced Security and Strengthened KYC/CDD Processes

The Ghana Card combines robust security features such as biometric data (fingerprints and facial recognition); and unique identification number, effectively mitigating identity theft and fraud in financial transactions. This strengthens Know-Your-Customer (KYC) and Customer-Due-Diligence (CDD) processes, ensuring safer and more secure environment for banking customers; while reinforcing the integrity of banking transactions.

Challenges and Concerns

Despite the successful implementation, some challenges and concerns emerged during the process. These include the need to ensure widespread adoption of the Ghana Card; address infrastructure requirements such as biometric scanners; safeguard personal data privacy; and effectively manage potential technical issues or system failures. The collaborative efforts of the Ghana Association of Banks, Bank of Ghana and National Identification Authority have significantly mitigated these challenges.

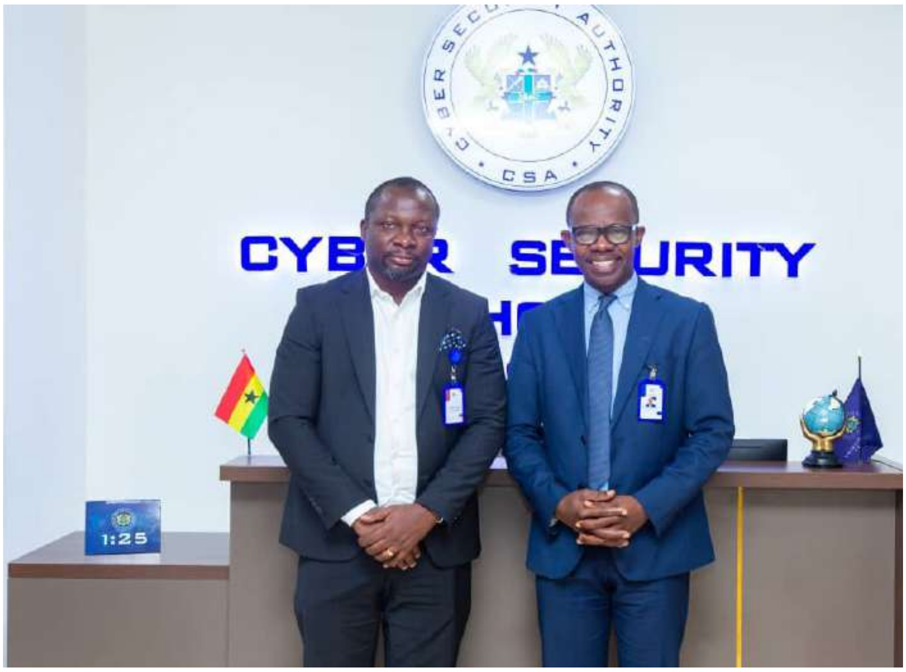
Conclusion

The adoption of the Ghana Card as the sole identification card for financial transactions in the banking industry marks a significant achievement. With improved efficiency, enhanced security and increased convenience, the Ghana Card has revolutionised the way financial transactions are conducted in the banking industry. Its widespread implementation has not only streamlined processes, but also fostered financial inclusion and integrity.

GAB & CSA PARTNERSHIP

The Ghana Association of Banks (GAB) and Cyber Security Authority (CSA) convened on Thursday, April 7, 2022, at the CSA Conference Room in Accra to discuss the critical role of banks in ensuring secure and resilient Ghana. The meeting, attended by representatives from the Bank of Ghana (BoG) as observers, aimed to strengthen cybersecurity measures; explore collaborative strategies for implementing the Cyber Security Act 2020 (ACT 1038); and potential revisions to BoG's Cyber and Information Security Directive.

Recognising the banking industry as a crucial information infrastructure (CII), both parties emphasised the significance of securing the industry and financial system. While the Bank of Ghana serves as the regulator of the banking and financial services sector, the CSA focuses on regulating owners of CIIs in relation to cybersecurity activities. The meeting highlighted the need for effective collaboration and partnerships with security institutions such as the Financial Intelligence Centre (FIC), Economic and Organised Crime Office (EOCO), Criminal Investigations Department (CID); and the Cyber Security Authority to enhance security within the banking industry.



National Cyber-Security Awareness Month (NCSAM) 2022 Event

The Ghana Association of Banks (GAB) and Cyber Security Authority (CSA) held a breakfast meeting with the board of directors of financial institutions in Accra. The meeting aimed to raise awareness and promote understanding of the Cybersecurity Act 2020 (Act 1038); and its implications for the financial sector. The speakers emphasised the importance of cybersecurity measures in mitigating risks; and protecting critical information infrastructure. The Bank of Ghana highlighted its cybersecurity directives and initiatives to enhance the resilience and security of banks. The event concluded with recommendations for improved information sharing; professional development in cybersecurity; awareness creation; and compliance with registration processes. The participants were urged to be proactive in securing their organisations' digital assets and processes.

GAB & MoF: YouStart Commercial Model

Participating Financial Institutions (PFIs) nominated two officials from various departments, including Sales and Marketing; Communications; SME; Credit Administration; and Retail, to attend a three-day training programme. After the training, representatives from the PFIs were expected to possess relevant skills and knowledge applicable to the programme's objectives; and understanding of the Commercial and Social Models of the YouStart Programme with strong emphasis on the Commercial Model, including the standardised loan products; application process; and requirements. The training was facilitated by KPMG; and involved collaboration with the steering committee members from the participating financial institutions.

GAB
in the Media

Daily Graphic, Thursday, February 3, 2022 | 33

GAB Ghana Association of Banks

BANKING OPERATIONS DURING FOURTH WAVE OF COVID -19 VIRUS IN GHANA

The Ghana Association of Banks (GAB) is advising all customers, banking staff, vendors and the general public, that its strict guidelines issued during the peak of the COVID-19 pandemic in 2020, remains a working guide for Banks in the country.

This is in view of the rising number of new infections in the country; exacerbated by the Omicron variant of the virus. The GAB's guidelines are consistent with public health requirements and regulations, scientific research, occupational safety regulations, and industry standards associated with protocols to prevent the spread of the COVID-19 virus.

Recent data from the Ghana Health Service (GHS) indicates that there has been a sudden spike in reported cases in the last couple of weeks, indicating the transition to a fourth wave of the pandemic in the country. This situation is a major concern to the Association and all our key stakeholders.

It is instructive to note that Banks in Ghana have adjusted their operations and have taken various measures to protect their customers, service providers and employees during the pendency of the pandemic. The hygiene standards in bank branches and facilities are at the highest level coupled with adequate plans in place for dealing with such situations.

In the interest of protecting everyone from contracting COVID-19 across all banking facilities, banks are being urged to always insist on enhanced protocols for all customers. Non-compliant customers must not be allowed to access physical banking premises. Such customers must be advised to utilise alternative banking channels for their transactions.

The GAB wishes to advise the general public to only visit bank branches where it is absolutely necessary, respect the prescribed standards of behaviour, and make more intensive use of digital channels.

The Association is assuring the general public that all banking premises and other facilities are strictly observing COVID-19 related workplace guidelines and that the banking environment is safe. GAB is closely working with key stakeholders to monitor the spread of the virus and will keep customers informed.

Signed

John Awuah
The Chief Executive Officer

B&FT WEDNESDAY, JANUARY 26, 2022 | 19

GAB Ghana Association of Banks

BANKING OPERATIONS DURING FOURTH WAVE OF COVID -19 VIRUS IN GHANA

The Ghana Association of Banks (GAB) is advising all customers, banking staff, vendors and the general public, that its strict guidelines issued during the peak of the COVID-19 pandemic in 2020, remains a working guide for Banks in the country.

This is in view of the rising number of new infections in the country; exacerbated by the Omicron variant of the virus. The GAB's guidelines are consistent with public health requirements and regulations, scientific research, occupational safety regulations, and industry standards associated with protocols to prevent the spread of the COVID-19 virus.

Recent data from the Ghana Health Service (GHS) indicates that there has been a sudden spike in reported cases in the last couple of weeks, indicating the transition to a fourth wave of the pandemic in the country. This situation is a major concern to the Association and all our key stakeholders.

It is instructive to note that Banks in Ghana have adjusted their operations and have taken various measures to protect their customers, service providers and employees during the pendency of the pandemic. The hygiene standards in bank branches and facilities are at the highest level coupled with adequate plans in place for dealing with such situations.

In the interest of protecting everyone from contracting COVID-19 across all banking facilities, banks are being urged to always insist on enhanced protocols for all customers. Non-compliant customers must not be allowed to access physical banking premises. Such customers must be advised to utilise alternative banking channels for their transactions.

The GAB wishes to advise the general public to only visit bank branches where it is absolutely necessary, respect the prescribed standards of behaviour, and make more intensive use of digital channels.

The Association is assuring the general public that all banking premises and other facilities are strictly observing COVID-19 related workplace guidelines and that the banking environment is safe. GAB is closely working with key stakeholders to monitor the spread of the virus and will keep customers informed.

Signed

12 news | FRIDAY, JANUARY 21, 2022 | B&FT

BoG's Ghana Card directive is a step in the right direction – *GAB*

By Juliet ETEFE

Chief Executive Officer of the Ghana Association of Banks (GAB), John Awuah has described the Bank of Ghana's directive to use the Ghana Card as the only identification card in undertaking financial transactions as a step in the right direction.

He said the development is crucial to the strengthening of the financial sector and will be crucial to banks' loan recovery efforts, as it would help track persons who fail to pay back loans.

The Bank of Ghana (BoG), in a press release this week served notice to the general public directing that effective July 1, 2022, all Banks, Specialised Deposit-Taking Institutions (SDIs), non-Deposit-Taking Financial Institutions, payment service providers, dedicated electronic money issuers, forex bureaux as well as the credit reference bureaux, should not accept any form of identification for transaction purposes except the National Identification Card, popularly called Ghana Card, which is issued by the National Identification Authority (NIA).

John Awuah, Chief Executive Officer of the Ghana Association of Banks (GAB)

This,' the regulator said, will ensure that all financial transactions performed within the ecosystem are linked to one identity and information, and unique codes for the transactions shared with the BoG to facilitate the identification of initiators and beneficiaries for track and trace purposes.

"As banks, we see the directive as a step in the right direction. We are very much in support of the Ghana Card programme because of the enhanced features like people's location, and this will help the banks in their loan recovery efforts, and to that extent, we are very much behind NIA and BoG. We are going to help make it a successful, effortless integration," Mr. Awauh told the B&FT in an interview.

He added that the move will ensure the sanitisation of the banking system and result in the phasing out of the usage of multiple identification (ID) cards, as other means of identification such as the SSNIT card, passport, driver's licence and voter's ID are synchronised.

He noted that it will address crime-related challenges such as the cloning of ID cards as well.

Signaling the banking industry's preparedness for the introduction of the measure, Mr. Awuah disclosed that even before the directive was issued, members of the industry had undertaken preparatory activities and comprehensive stakeholder engagem fully equip themselves new development.

In view of that, banks are at various s implementation a confident of meeting 30, 2022 deadline.

He, therefore, ple association's commitr ensuring the suc execution of the di "Somewhere in the m last year, as a commu banks, we started the int work with NIA an partners. There are fe that have actually comp integration worl procurement of devices started.

So, as we speak banks are at various s implementation of the Card as the single so identification to b transactions. The bank fully prepared by May 2 for that matter move to stage of updating rec customers. The comm banks welcome the initi are committed to assist successful fruition," he s

Daily Graphic, Thursday, January 20, 2022 | now Online! | 29

Business

Interest Payment, was marginally above the target for the period by 0.9% totalling GH¢25,394m against a revised target of GH¢25,158m

Source: Ministry of Finance

No Ghana Card, no banking

• Banks ready to comply

By Maxwell Akalaare Adombila

BANKS have expressed their readiness to comply with a Bank of Ghana (BoG) directive that mandates them to use only the Ghana Card in identifying their customers before transacting business with them.

The Ghana Association of Bankers (GAB) said the July 1 deadline was favourable and they would take the necessary steps to enable them to comply.

The Chief Executive Officer of the GAB, Mr John Awuah, told the *Daily Graphic* yesterday that banks had been working with the National Identification Authority (NIA) and its private partner to link their systems to the National Identity Register for the purposes of verification.

Consequently, he expressed the confidence that the processes would be completed by June to allow for its take off in July.

Directive

He was reacting to a public notice from the central bank to banks and other deposit-taking institutions to accept only the Ghana Card as a form of identification in undertaking transactions from July 1, this year.

The central bank also directed the affected institutions to take steps to update their customer records using the Ghana card details as the only form of identification.

The directive issued yesterday and signed by the bank's Secretary, Ms Sandra Thompson, said the move was to ensure the safety of the financial system.

"The public is to note that no other form of identification will be accepted for financial transactions in all BoG-regulated financial institutions after the effective date stated above," the notice stressed.

It explained that the directive applied to banks, specialised deposit-taking institutions (SDIs) non-deposit-taking financial institutions, payment service providers and dedicated electronic money issuers, forex bureaus and credit reference bureaus.

> **"The public is to note that no other form of identification will be accepted for financial transactions in all BoG-regulated financial institutions after the effective date stated above."**

ID register

The bank said the directive was pursuant to Regulation on the National Identity Register, 2012 (L.I. 2111).

"In line with this Notice, Section 30 of the Anti-Money Laundering Act, 2020 (Act 1044) and Regulation 12 of the Anti-Money Laundering Regulations, 2011 (L.I. 1987), all financial institutions shall take steps to update customer records with the Ghana card. Customers of BoG regulated financial institutions are, therefore, advised to update their records with their respective financial institutions with the Ghana Card in line with this notice," the statement said.

KYC

It explained that the NIA verification transaction platform would be integrated into the BoG's financial monitoring platform for the purposes of know your customer (KYC).

"This is to ensure that all financial transactions performed within the ecosystem are linked to one identity and information, and unique codes for the transactions shared with BoG to facilitate the identification of initiators/beneficiaries for track and trace purposes. This will include but not limited to transactions by banks, non-bank financial institutions, and mobile money operators (MMOs).

Compliance

Mr Awuah said banks had been in constant discussion with the central bank, the NIA and the private partner on how to make the Ghana card the only medium to identify customers.

He explained that banks were working to connect their systems with the national register to ensure that whenever customers came to the banking halls for transactions, their Ghana cards could be verified.

"What it means is that between now and July 1, customers will have to walk in to the banking halls and replace their identity documents with only the Ghana card. For those who do not replace their cards before the July 1 deadline, they will have to do so before they can be served," he said.

B&FT THURSDAY, JULY 7, 2022 | news 7

Fin Ministry, GAB engages AGI and others on YouStart models

To further deepen the stakeholder engagements on the YouStart programme before its official launch, the Ministry of Finance in collaboration with the Ghana Association of Banks (GAB) has held a day's meeting on the YouStart models.

The meeting was among other things to take the participants which included representatives from the Association of Ghana Industries, Private Enterprise Association, Chamber of Telecommunications and Chamber of Commerce through the YouStart policy, structure, its framework, beneficiary groups requirement, the banks roles in the programme and seek their support and suggestions before the official commencement of the programme.

The Ag. Coordinator of the YouStart Programme, Mr. Andrew Ameckson , in his remarks noted that, Government's agenda of building an entrepreneurial nation and the creation jobs for

> “ *The programme targets young people between the ages of 18- 40 years who have brilliant business ideas and viable businesses. YouStart seeks to support these individuals to nurture, grow and expand their businesses and create jobs in the economy, he added*

and business development support services that would enable them start, build and

added.

According to him, the harsh economic impact of the

economic transformation and job creation agenda as more companies (in the private

provide them with the support required to provide loans to the private sector at concessionary rates (below market rates).

He ended by acknowledging that, engagements of such nature afforded the Ministry the opportunity to consider varied opinions, make the necessary adjustment towards the overall success of the programme.

Ms. Patience Arko-Boham, who is also at the Ministry of Finance, touched on the features, benefits and eligibility criteria of the YouStart programme. She said that, Applicants were supposed to have a verifiable digital address, have a Ghana Card and undergo 2 weeks training to qualify for the programme.

She revealed that, the programme was aimed to target the youth between the ages of 18 and 40 years, and after due diligence of the applications, an amount of GHC 50,000 and GHC 100,000 with 4% interest rate payable within a period of three years would be given to individuals and groups respectively for working capital and capital expenditure

unemployed females were estimated to be 605,451 and unemployed males were estimated to be 534,558.

Number of workers who lost their job and were seeking work were estimated to be 187,763, the presentation revealed.

She showed that, 50% of the Ghanaian Youth estimated to be 5, 872,229 were classified as under employed, this he explained, as working below one's capacity and that was why the YouStart was extremely essential to ensure that there were enough capacity building to get the best of the teeming youth.

Mr. Kwasi Ameko-Amewunoo, a representative of the Ghana Association of Banks commended the Government for the "all-inclusive manner" it has undertaken the YouStart programme.

He gave assurance of the Banks' unalloyed support for the programme and added that they were committed to ensuring performance based lending to applicants rather

9 banks partner govt to roll out YouStart

BY TIMES REPORTER

A consortium of nine banks is collaborating with government to provide credit to existing youth-led companies and, in the process, create one million jobs in the next three years.

Under the commercial programme of the YouStart initiative, the banks will provide support for existing youth-led businesses with between GH¢100,000.00 working capital and GH¢500,000.00 for those in need of capital expenditure.

Interest rate will not be more than 10 per cent.

Speaking to the media, Mr John Awuah, President of the Ghana Association of Bankers, listed the participating banks as Ghana Commercial Bank (GCB), Consolidated Bank Ghana (CBG), Access Bank, Absa Bank, FBN Bank, ADB, Fidelity Bank, Ecobank and Bank of Africa. He was confident that with time, more banks would come on board.

He said, the community of banks was aware of the difficulties faced by entrepreneurs in accessing credit, and so the scheme aimed at making lending conditions less stringent to enable businesses to scale up and create jobs.

"The banking sector is convinced that the government wants to build an entrepreneurial nation through youth entrepreneurship. We have decided that this is good, and we want to grow with the private sector," he said, adding: "Our advantage is that we are already dealing with the private sector, so we have a fair knowledge of all that goes into making a business work.

"We are confident that with the well-crafted conditions we are offering and our ammunition of funding, we can make fund accessibility easier to enable young entrepreneurs to launch into the deep."

Listing the conditions for accessing the scheme, Mr Awuah said it was open to existing businesses whose prime movers were youth between ages 18 and 40. Entrepreneurs aged above 40 would have to prove that their employees were SSNIT contributors, and that 50 per cent of their employees were between 18 and 40.

They would also have to show that their businesses, when supported, will be profitable and create youth employment.

"YouStart will not fund any business that is into buying and selling," Mr Awuah said, explaining that "we don't want to create import-dependent enterprises."

He said through the commercial module of the YouStart programme, young people with business ideas or those who had started businesses would be trained by professionals at the Banking College, Chartered Institute of Bankers and other institutions.

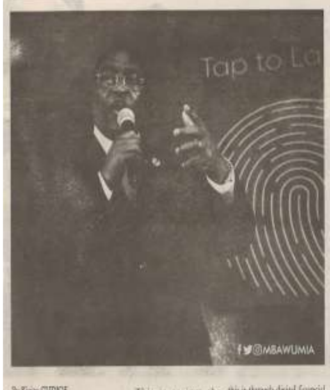
Beneficiaries who successfully graduate from the training will be assisted to obtain product certification and quality assurance for their products and services, to ensure that their businesses conform to standards, regulations, and the laws of their industry.

Entrepreneurs will be trained, supported with business development services, and funded over the next three years.

On how interested applications can access the fund, Mr Awuah said a website would soon be launched. All a potential applicant has to do is fill out the form. Successful applicants can access funding "within a short period after applying."

The YouStart commercial programme will take off at the latter part of June.


• Mr John Awuah



Banks, others to reach more unbanked

- As GhanaPay is launched

By Kizito CUDJOE

The introduction of the first bank-wide mobile money solution, dubbed GhanaPay, to be offered by universal banks, rural banks, and savings and loans companies, is expected to spur the country's financial ...

This is against the backdrop that the platform provides an avenue to address the bottlenecks faced in opening formal bank accounts, thus easing the processes now, particularly for the unbanked.

While the banking sector has since been exploring ways to extend financial inclusion to all Ghanaians, he recognised that for ... this is through digital financial services. This is leveraging the increasing adoption and usage of the mobile wallet because of the ease of use", he added.

The Vice President, who was speaking at the launch of GhanaPay, therefore, tasked banks to use the platform to massively reduce the traditionally unbanked population ... provide a wide variety of tailormade banking and wallet services to people who they previously could not reach.

"The option of providing customers a combination of banking and traditional mobile money service gives the customer the power to do more."

He was, however, hopeful that the new system will bring healthy competition to the mobile money space, which should lead to enhanced services and lower costs to the customer. "I expect a healthy response from existing mobile money companies", he stated.

GhanaPay was developed and introduced through a ... respond positively to the competitive nature of the payment systems, characterised by increased consumer preferences for convenience and frictionless payment options.

"This collaborative effort of a common electronic wallet will enable economies of scale through the pooling of resources. By establishing this common GhanaPay mobile wallet, the cost of testing any new technology for each bank is reduced, and allows new ways of doing business," he noted.

The latest development, he opined, demonstrates how collaboration with the banking ... GH¢420,000 in 2016.

The emergence of new business models in the banking sector, together with partnerships with financial technology (Fintechs) companies in the offering of payment-related services, he noted, have also helped to bridge the financial inclusion gap.

The Chief Executive of GhIPSS, Archie Hesse, also speaking at the ceremony recognised that the latest initiative is intended to "strengthen the hand of banks and savings and loans in serving the informal sector using ...

YouStart brilliant for youth jobs, but...

By Enimil Ashon

BY now every young person just out of school or has been jobless three-to-four years after graduation has heard of the latest effort by government to create jobs for the youth.

Government has come up with a programme to support the youth with training and funding to build commercially viable businesses. It is known as the YouStart Entrepreneurship Programme under which government hopes to create one million jobs over a period of three years.

The programme is open to all young Ghanaians between 18 and 40 years who are running Micro, Small and Medium Enterprises (MSMEs) or individuals with business ideas they would like to turn into a profitable venture.

There are four models under YouStart. One of them is "YouStart Commercial". Under it, youth entrepreneurs will be trained and given a loan of between GH¢100,000.00 and GH¢500,000.00 as working capital (liquidity).

The loan attracts 10 per cent interest. Absolutely no collateral is required. The moratorium for working capital is up to six months and that for capital expenditure (CAPEX) is up to 12 months. The loan repayment period will be up to three years.

It is coordinated by the Ghana Association of Bankers, in partnership with nine financial institutions, namely GCB Bank PLC, Consolidated Bank Ghana (CBG), Access Bank, Absa Bank, FBN Bank, ADB, Fidelity Bank, Ecobank and Bank of Africa.

The second model is the DISTRICT ENTREPRENEURSHIP PROGRAMME, to be implemented by metropolitan, municipal and district assemblies (MMDAs), coordinated by the Ghana Enterprises Agency (GEA) and the National Entrepreneurship and Innovation Programme (NEIP), with support from the National Youth Authority (NYA) and the Ghana Technical and Vocational Education and Training Service.

Under this model, applicants can access either a Starter Pack Loan which gives out soft loans of up to GH¢50,000, or an Accelerate Loan under which group businesses can access loans of up to GH¢100,000, repayable over three years.

To help YouStart-funded businesses to gain access to markets and establish a foothold, periodic trade fairs and networking programmes will be organised.

The third programme is YOUSTART GRACEWORKS, which will give loans of between GH¢2,000.00 and GH¢100,000.00. It will be implemented through Faith-Based Organisations (FBOs) such as churches and mosques.

To help YouStart-funded businesses to gain access to markets and establish a foothold, periodic trade fairs and networking programmes will be organised. Also, government buying power will be used to support beneficiaries through the provision of national, regional and district level procurement opportunities.

I like the thoroughness of the preparatory stages leading up to launch day (I am told the President will be launching it soon). Every major stakeholder who needs to know about it for purpose of fine-tuning the minutest detail has been consulted.

I was privileged to sit in during the stakeholder engagement with CSOs. The resource persons were very thorough and impressive. You'd be more than impressed by what came from the mouths of the young persons heading CSOs in the country.

They combine passion with knowledge. With insights gained from field experience, the young men and women subjected the programme to scrutiny and offered inputs. They loved the intervention.

They have fears, however. One of them is that brilliant as YouStart looks on paper, it could potentially go the

• Continued on Page 10

B&FT Business & Financial Times TUESDAY, JUNE 7, 2022 ISSUE 3589 PRICE: GH ¢4.00 Africa's Leading Provider of Business Information

9 banks partner gov't to finance youth-led business under YouStart

Government is partnering a consortium of nine banks to provide credit to existing youth-led companies and, in the process, create one million jobs in the next three years.

Under the commercial programme of the YouStart initiative, banks will provide support for existing youth-led businesses with between GH¢100,000 working capital and GH¢500,000 for those in need of capital expenditure. Interest rate will not be more than 10 percent.

John Awuah, President of the Ghana Association of Bankers, listed the participating banks as GCB Bank Ltd., Consolidated Bank Ghana (CBG), Access Bank, Absa Bank, FBN Bank, ADB, Fidelity Bank, Ecobank and Bank of Africa. He was confident that with time, more banks would come on board.

He said the community of banks was aware of the difficulties faced by entrepreneurs in accessing credit, and so the scheme aimed at making lending conditions less stringent to enable businesses to scale up and create jobs.

"The banking sector is convinced that government wants to build an entrepreneurial nation through youth entrepreneurship. We have decided that this is good, and we want to grow with the private sector," he said, adding: "Our advantage is that we are already dealing with the private sector, so we have a fair knowledge of all that goes into making a business work. We are confident that with the well-crafted conditions we are offering and our ammunition of funding, we can make fund accessibility easier to enable young entrepreneurs to launch into the deep."

Listing the conditions for accessing the scheme, Mr. Awuah said it was open to existing businesses whose prime movers were youths between ages 18 and 40. Entrepreneurs aged above 40 will have to prove that their employees were SSNIT contributors, and that 50 percent of their employees were between 18 and 40. They will also have to show that their businesses, when supported, will be profitable and create youth employment.

"YouStart will not fund any business that is into buying and selling," Mr. Awuah said, explaining that: "We don't want to create import-dependent enterprises."

He said through the commercial module of the YouStart programme, young people with business ideas or those who had started businesses would be trained by professionals at the Banking College, Chartered Institute of Bankers and other institutions.

Beneficiaries who successfully graduate from the training will be assisted to obtain product certification and quality assurance for their products and services to ensure that their businesses conform to standards, regulations, and the laws of their industry.

Entrepreneurs will be trained, supported with business development services, and funded over the next three years.

On how interested applications can access the fund, Mr. Awuah said a website will soon be launched. All a potential applicant has to do is fill out the form. Successful applicants can access funding "within a short period after applying".

The YouStart commercial programme will take off at the latter part of June.


John Awuah, President, Ghana Association of Bankers


Vice President Bawumia (fourth from right), Dr Addison (second from left) with the dignitaries at the launch

Veep unveils GhanaPay mobile money service

...to promote financial inclusion

BY KINGSLEY ASARE

THE Vice President, Dr Mahamudu Bawumia, has launched the GhanaPay mobile money service, an electronic payment platform to enhance financial services and promote financial inclusion.

The GhanaPay is a mobile money service, the first bank-wide solution in Ghana, providing an opportunity for users to have access to unlimited banking services in addition to existing mobile money services.

The novelty platform was developed through collaborative efforts by the Ghana Interbank Payments and Settlement System (GhIPSS) and the Ghana Association of Banks (GAB) under the supervision of the Bank of Ghana.

GhanaPay is like any mobile money service, but with additional banking services designed for financial freedom and a bank-wide mobile money service provided by universal banks, rural banks and savings and loans companies to individuals and businesses.

Dr Bawumia said the service formed part of the financial inclusion agenda of government.

He said every individual with access to a mobile phone could register for the service, with or without a bank account, stressing that transactions on the platform were free, except e-levy charges.

Dr Bawumia, said the new digital age required collaboration from all stakeholders, including the financial services providers in ensuring a secured payment eco system.

He pledged that the government would continue to create the enabling environment for such innovative products to be rolled out.

Dr Bawumia expressed the optimism that the platform would provide healthy competition to the mobile money space, leading to enhanced services and lower the cost of financial transactions.

Vice President Bawumia commended the Ghana Association of Banks, GHIPSS, and the Central Bank and all institutions that supported the creation of the platform.

The Governor of BoG, Dr Ernest Addison, on his part said the banking sector demonstrated resilience and its ability to offer crucial support to businesses and households during the pandemic and necessitated the creation of the GhanaPay.

According to the governor, GhanaPay was a mobile wallet and the cost of testing any new technology for each bank would be reduced and allow for new ways of doing business.

"This is an exciting development for Ghana's payment systems landscape and demonstrates how collaboration with the banking sector can proffer solutions for the transformation and deepening of the payments ecosystem," he added.

The governor said the introduction of the GhanaPay was laudable and urged players in the banking and financial industries to "step up efforts to digitise the value chain for both merchants and users through digitisation of payments to distributors, wholesalers, and retail outlets."

Dr Addison called on the banking sector to collaborate and further explore more pioneering ways to attain greater efficiency in the payments ecosystem in order to move the country towards a successful migration to electronic payments and an efficient and effective payment system.

In his remarks, the Chief Executive Officer of GhIPSS, Mr Archie Hesse, said the GhanaPay was a bank-wide mobile wallet shared platform, that allowed universal banks, rural banks and savings and loans companies to issue and manage mobile wallets for consumers, agents and merchants in Ghana.

He explained that it would present banks the opportunity to provide the informal sector with a wallet that combines the features of traditional mobile money service and a bouquet of banking services.

"As a collaborative initiative, GhanaPay is being offered as common service with one USSD code and Mobile Application, it's offering, and can best be described as the best of both worlds," he said.

Mansa Nettey, President, Ghana Association of Bankers (GAB)

Bankers apprehensive over Treasury debt restructuring

See page 3

Banks making headway with ESG compliance – *BoG*

By Ebenezer Chike Adjei NJOKU
ebenezer.njoku@thebftonline.com

Banks in the country have demonstrated their commitment to incorporating comprehensive Environmental, Social and Governance (ESG) principles into their operational frameworks, the Head of Banking Supervision at the Bank of Ghana (BoG), Osei Gyasi, has stated.

In keynote remarks at the 26th National Banking Conference, where he was representing the Governor - Dr. Ernest Addison, Mr. Gyasi disclosed that all 23 universal banks have this year completed and submitted a template developed by the regulator in addition to its Sustainable Banking Principles and Sector Guidance Notes, to enable banks accelerate their ESG-compliance journey.

He said it marks an improvement on the number presented in September last year, and believes the development bodes well for the industry and wider economy's long-term sustainability.

"As part of the efforts to promote sustainable banking, the BoG issued a monitoring guidance and reporting template to be completed by banks - which is used in monitoring levels of implementation for the principles and guidance notes. This self-assessment guide is meant to serve as a checklist that guides banks to take the necessary steps in developing the appropriate sustainable policies and procedures," he explained at the conference, which had as its theme 'The Future of Banking in Ghana: Ethics, Professionalism and ESG Imperatives'.

"In terms of compliance, reports submitted recently indicate that all 23 banks have completed and submitted the template; an improvement compared with the submission made in September 2021," Mr. Gyasi added at the event organised by the Chartered Institute of Bankers (CIB).

His submission was consistent with the outcome of PwC's 2022 Ghana Banking Survey Report – which surveyed 21 out of the 23 registered universal banks and found that 62 percent of the bank executives it surveyed confirmed the existence of plans to incorporate dedicated ESG principles in the near-term.

With ESG issues guaranteed to colour the banking landscape's future - as evidenced by projections that the value of global ESG-leaning institutional investment will soar by 84 percent to US$33.9trillion in 2026 from US$18.9trillion in 2021 - the BoG's representative said domestic banks must double down on their efforts to attract sustainable investments.

"Investors are now concerned about ESG performance and how they are reported, especially the impact of ESG on the balance of banks... Data compilation and analysis of ESG activities have become imperative in this rapidly evolving industry," he said, adding that banks will prove critical in bridging the financing gap required for the Sustainable Development Goals (SDGs) and net-zero commitments to be met in a respectable time.

While there is heightened focus on the environmental and social aspects, Mr. Gyasi said recent developments in the nation's financial landscape prove that significant emphasis must be placed on corporate governance.

He thus charged stakeholders in the industry not to treat guidelines and directives as mere checklists, but ensure that they are implemented as intended.

"The business of banking is evolving rapidly, hence there's a need to be intentional in strict adherence to individual codes of ethics and professionalism; as well as the CIB and GAB's code of ethics and banking practice in our various banks," he added.

On his part, Chief Executive Officer at CIB, Robert Dzato, said with the risks and opportunities ESG presents to banks, the institute - as the foremost trainer of bankers - has begun an extensive programme to ensure bankers are well-equipped in this regard.

"Our role at CIB is to educate, and currently we are running a programme in partnership with the International Finance Corporation (IFC) to train bankers in ESG," he said, while affirming that ethics and professionalism will be permanent features of the programme.

Chairman for the occasion and CEO of the Ghana Association of Banks, John Awuah, said banks will continue to comply with the prevailing sustainable banking regulatory provisions as well as lead conversations around the subject while driving innovation.

Daily Graphic, BANKING SUPPLEMENT SS29

Banks, telcos assess eCedi impact on MoMo

Daily Graphic, Tuesday, November 1, 2022 39

Business

Inflation (year-on-year) increased to 37.2% in September, this year. This is up from the 33.9% recorded in August.

Source: Ghana Statistical Service

Financial institutions breach Cybersecurity Act

• Only 28% registered their infrastructure

By Emmanuel Bruce

• John Awuah — CEO, Ghana Association of Bankers

• Ursula Owusu-Ekuful — Minister of Communications and Digitalisation

ONLY 28 per cent of financial institutions operating in the country have registered their critical information technology (IT) infrastructure with the Cyber Security Authority (CSA), an official from the authority, Benjamin Ofori, has disclosed.

This is in clear breach of the Cybersecurity Act, 2020 (Act 1038), which identifies the IT infrastructure of financial institutions as one of the critical information infrastructure that must be registered under the authority.

The Cybersecurity Act, 2020 (Act 1038) defines a critical information infrastructure as a computer system or computer network that is essential for national security or the economic and social well-being of citizens.

Mr Ofori said although the banks were generally doing well with their compliance to the cybersecurity regulations, the only worry was their inability to register their IT infrastructure with the authority.

Mr Ofori was speaking at a breakfast meeting which was organised by the Ghana Association of Banks (GAB), in partnership with the CSA, as part of events to mark National Cybersecurity Month.

The breakfast meeting was held on the theme: 'Ghana's Cybersecurity Act, 2020: The Bank of Ghana Cyber and Information Security Directive; Its Implications and the Role of the Board of Directors'.

"I would say the banks have done a lot right; their maturity level when it comes to cyber security is high and I would like to commend them for that.

"The only concern is with the current registration of critical systems; we are lagging behind, so this is an appeal for you to raise your level."

"So far, we have only 28 per cent of you who have registered with us; the pending 72 per cent remains very high. So I would like to encourage you as we have extended the deadline to October 30, and I do not think we can extend it beyond that. This is the only challenge we have with you now," he added.

Also speaking at the meeting, the Director at the Information Security Office at the Bank of Ghana, Samuel Senyo Okine, urged the board of directors of financial institutions to make cyber security issues a priority in their board meetings.

"I am talking about board meetings on cyber security issues only. If we want to keep the environment safe, then we need to think in this direction," he stated.

He also urged senior management members of financial institutions to establish an information risk strategy and make sure to see to its implementation and maintenance.

He said they must also formulate the cyber security policies of their respective banks, review the adequacy of the policies at least once a year and adequately resource the development of the cyber security framework and policies.

"So what we are saying is that, after you put in place the policies, provide the funding and human resource to make them work."

"To be successful with cyber security, we need to understand that there are three things; you need the people who are doing the work for you; the technology to ensure you achieve your objectives and you must ensure you have put in place the right processes," he explained.

Extremely critical

For his part, the Chief Executive Officer of the Ghana Association of Banks, John Awuah, said banks transition from brick and mortar to digitisation had made cyber security issues extremely critical.

"As transactions are moving to digitisation, the people who used to rob banks with guns have also moved to attacking the banks in the digital space.

"So it is important that directors and board members who have oversight responsibilities for these institutions have the basic understanding of the kind of threats faced by banks now, so that if bank managing directors or executives present their solutions, they can better appreciate the rationale and justification for investing in protective infrastructure to secure their networks," he stated.

> "The only concern is with the current registration of critical systems; we are lagging behind, so this is an appeal for you to raise your level."

B&FT TUESDAY, SEPTEMBER 27, 2022 news 3

Bankers apprehensive over Treasury debt restructuring

By Joshua Worlasi AMLANU & Ebenezer Chike Adjei NJOKU
joshua.amlanu@thebftonline.com/ ebenezer.njoku@thebftonline.com

Amid the imminent restructuring of the nation's public debt, bankers in the country are entreating managers of the economy to be circumspect in their decision-making so as not to destabilise the budding financial sector and erode recent gains made; especially as it pertains to investor confidence.

At the 39th Annual General Meeting (AGM) of the Ghana Association of Bankers (GAB), there was evident and palpable concern about how the restructuring will impact the asset structure, earnings and operations of banks.

At the meeting, its president Mansa Nettey said inasmuch as central government is taking the necessary actions to achieve debt sustainability, this should be done in a manner that does not erode gains made in the sector.

"Government must ensure that this is not done at the cost of financial sector stability, inadvertently undoing so much of what has been achieved in strengthening the banking sector - as a sound and stable economy needs an equally sound and stable banking system, one that can support the country's long-term goals."

According to budget figures, the nation spent GH¢20.5billion (US$2billion) in first-half of the year paying its debts - equivalent to 68 percent of its tax earnings. By end of June, the total amount owed by government had risen to GH¢393.4billion or 78.3 percent of Gross Domestic Product (GDP).

In response, central government started a proposed three-year Enhanced Domestic Programme engagement with the International Monetary Fund (IMF) in July for US$3billion - joining a number of emerging markets that are being forced to default or restructure some of their debts this year. This was done after efforts to stop the sell-off of its Eurobonds and halt a record depreciation of the cedi against the dollar failed - including cutting discretionary state spending by as much as 30 percent.

Mrs. Nettey - who doubles as chief executive officer of Standard Chartered Bank - further stated that while the industry recognises drastic measures need to be taken by the central bank in effectively combatting inflation, it is necessary that banks are encouraged with regulatory incentives to soften the impact.

"We recognise that the Bank of Ghana had to front-load the tightening; however, it is necessary that they are provided with regulatory incentives to help them navigate the current economic challenges and continue to support the economy," she argued.

With the expectation of a tough business environment in the near-term, she said it is important that banks review existing operations and investment strategies to ensure sustainable performance as they remain risk-aware and undertake effective credit management processes.

At a recent engagement on Joy FM's NewsFile, Director of the Financial Sector Division at the Ministry of Finance, Sampson Akligoh, offered assurances that government will take into consideration all stakeholders and not do anything to jeopardise the domestic financial sector.

The Zambian Case

Following the Fund's approval of a US$1.3billion scheme for the southern African nation, Zambia will restructure its debt through a combination of haircuts to the initial value of its loans and maturity extensions.

The process of renegotiating debt that will total US$17billion by the end of 2021 has begun.

This continues to be a critical milestone in the southern African nation's quest to restructure its debts and restore an economy decimated by poor management and COVID-19; it allows the IMF to make an immediate payout of around US$185million.

In 2020, Zambia was burdened with debt that had reached 120 percent of its gross domestic product and made history as the first African nation to experience a pandemic-induced default.

ISSUE: 3698 | PRICE: GH¢4.00 | SINCE 1989
Africa's Leading Provider of Business Information
B&FT Business & Financial Times
THURSDAY, NOVEMBER 10, 2022
thebftonline.com

FEATURE

COP27 is about Africa and action

SEE PAGE 5

NEWS

Rising fuel prices put ride-hailing drivers at a loss – Fairwork report
...as they struggle to make ends meet

SEE PAGE 7

BANKING

Banks making headway with ESG compliance – BoG

See page 2


GAB GHANA ASSOCIATION OF BANKS
Magnificent
Venue
For Outdoor
EVENTS
for Banks and Staff of Banks ONLY!
Suitable for Outdoor Conferences, Meetings, Weddings, Workshops, Picnics, etc.
0302 667 138 / 0302 670 629
info@gab.com.gh
NO. 12 Tafawa Balewa Avenue, GA-029-4444, North Ridge, Accra






Outlook For 2023

GAB's OUTLOOK FOR 2023

Prudential financial data released by the universal banks in the country during the first quarter (Q1) of 2023 affirmed strong, robust and scintillating performance of the industry, in spite of the challenges during the last quarter (Q4) of the preceding year, which were occasioned largely by the government's debt restructuring programme, specifically the domestic debt exchange programme (DDEP).

The industry's balance sheet during Q1 of 2023 depicted impressive performance comparative to Q4 of 2022. This fairly reflected robust growth in total assets, which were integrally funded by sustained growth in deposits and increased capital levels. Performance of the industry's income statement during the period under review was very strong; the surge in profit after tax (PAT) remained quite encouraging; and this is attributable to the considerable growth in revenues relative to operating expenses. Financial intermediation was enhanced by the boost in private sector credit, which increased from approximately GH¢47.07 billion during 2022 to GH¢50.51 billion during 2023 Q1, representing 7.31% increase during the period.

The Ghana Association of Banks (GAB) remains strongly committed to ensuring global competitiveness and recognition of anchor banks by complementing their efforts towards efficiency and effectiveness in customer service delivery; sustainable business operations; accelerated growth of the industry and financial sector; and steady growth in the national economy.

However, realisation of the foregoing is contingent on the implementation of pragmatic measures. In view of this, GAB has outlined series of activities and programmes during the current financial year. These planned activities are strategically intended to support member banks' quest to strive towards realisation of bank-specific; industry- and financial sector-wide objectives.

GAB seeks to liaise with the heads of internal audits of member banks to assure significant improvement in compliance with regulatory standards. The Association's engagement with the heads of internal auditors would prove useful to the development of a model that would promote unity and collaboration in the work of internal auditors across the industry. Further, it would facilitate development of common standards, including Charter for the industry; influence and support member banks' strive for co-operation; and encourage development of critical tools towards promotion of stability and soundness in the banking industry.

In addition to the foregoing, GAB has planned series of engagements with regulatory bodies such as the Bank of Ghana (BoG); Ghana Revenue Authority (GRA); Cyber Security Authority (CSA); Ministry of Finance (MoF); Data Protection Commission (DPC); National

Identification Authority (NIA); and National Communications Authority (NCA), amongst others. The quarterly engagements among Heads of Audits; Chief Risk Officers (CROs); Chief Information Security Officers (CISOs); Chief Compliance Officers (CCOs); and Banking Supervision Department (BSD) towards review of on-site and off-site examination reports would be revived.

To achieve the foregoing, road map and work programme would be developed to strengthen co-operation and improve information sharing. The latter would be predicated on strategic identification of impediments to effective information exchange and co-operation. The collaboration would ensure banks operate in line with regulatory requirements. Full compliance with all independent statutory requirements remains a major hallmark of GAB. This statement underscores the relevance of this year's Annual General Meeting (AGM) organised by GAB.

Consistent improvement in the business operating environment of member banks remains one of the core mandates of GAB. To ensure practical realisation of this mandate, field research (Mystery Shopping) would be conducted

in selected Regions across the country to assess customer-perceptions and complaints; examine banks' customer service delivery; and evaluate effect of the government's debt restructuring programme, specifically domestic debt exchange (DDE) on interactions between customers and banks. The exercise would help determine the impact of DDE on investment decisions of existing bank customers and prospects.

The semi-annual reports to be prepared on the Mystery Shopping would highlight potential strengths, weaknesses, opportunities and threats (SWOT); and proffer suggestions on how member banks could improve services delivery; enhance competitiveness; increase banked segment of the population; and drive productivity, revenue and profit.

As part of its proactive measures to ensure positive projection of member banks, GAB is committed to publication of the Third Edition of The GH Banker's Voice Magazine. The publication would connect with and provide relevant update to stakeholders, including those (stakeholders) in the global financial community. The content would highlight opportunities, challenges, operations and trends in the banking industry; while enhancing visibility, integrity and credibility of GAB and anchor banks.

A seminar on principles of capital adequacy and liquidity of banks would be organised to provide platform for key and relevant stakeholders in the banking industry to hold extensive deliberations on the subject to improve general understanding of stakeholders on the principles underlying the determination and application of capital adequacy ratio in banking operations; while meeting pertinent regulatory requirement.

Building credibility for institutions in the banking industry; and positioning the Ghana Association of Banks as repository of reliable source of valuable information, insight and knowledge remain some of the cardinal objectives of GAB. To inch very close to the realisation of this objective, thought leadership meetings would be organised during the current financial year. Consistent with prior periods, the initiative is expected to create an enabling environment for professionals within and outside the banking industry to meet periodically to express and share relevant business-and-growth-driven ideas.

Undoubtedly, potential strategic relevance coupled with immense ability to tap into expected growth in the financial sector remains the key, driving the banking industry's aspirations to lead both the digital drive; and transformation of the Ghanaian economy. The launch of industry-wide mobile wallet services (GhanaPay) remained one of GAB's priorities during the previous year.

The overarching idea underpinning the launch of GhanaPay was to ensure member banks maintain shared platform that provides bigger transactional ecosystem by pulling resources; and penetrating the Wallet space. The initiative is envisaged to inch institutions in the banking industry close to their aspiration. That is, consistently striving to become leaders of both digital drive and economic transformation.

Reiteratively however, strategic importance of the above initiative is contingent to a large extent on the industry's ability to tap into the expected growth in the operations of key service providers such as the Ghana Interbank Payment and Settlement Systems (GhIPSS). Fortunately, GAB is not relenting; and currently spearheading the initiative of member banks to acquire 51%-stake in GhIPSS through an offer for a considered sum of GH¢272 million. GAB would partner GhIPSS in monitoring the threat landscape; and generate comprehensive reports to assist stakeholders in management decision-making.

An integral part of activities outlined by the Ghana Association of Banks for the current financial year includes comprehensive assessment of risk inherent in the banking industry. The purpose is to facilitate identification of areas of vulnerability and risk; and their impact on the industry. A comprehensive assessment would be carried out to identify the foregoing threats within the banking industry, with special emphasis on staff motivation; and staff welfare.

The commitment of GAB towards competitor review of the banking industry to ensure the protection of integrity; and stability of the financial system through the conduct of comprehensive assessment of

towards improving their business operations and governance structures; while ensuring they remain environmentally friendly and socially responsible.

Consistent with practices in other industries within the country, GAB is proactively assessing the impact of the government's debt restructuring and IMF's programme on performance of the banking industry; and how banks could stay competitive and profitable in this novel business and economic climate. It is hoped an industry-wide review would reveal implications of the IMF's programme for banks' capital, operations and overall performance; and catalogue strategies rolled-out by member banks to remain robust; and complement government's efforts towards maintaining resilient and stable economy through private sector support.

actors within the industry and financial sector remains very strong.

GAB is committed to the co-ordination of centralised public campaigns and education on the socio-economic benefits of financial literacy and personal financial planning; and the merits of utilising digital platforms provided by institutions in the banking industry for financial transactions. The education would be conducted through newspaper publications; and television and radio programmes, using different languages: English, Ga, Twi and Hausa.

This initiative is in fulfilment of the inclusive drive sought through behavioural change and informed decisions on the part of customers and consumers. Moreover, GAB seeks to consolidate its mandate as the central repository of content for public education on strategic measures that would ensure efficiency, safety and effectiveness in banking transactions through the use of digital platforms; and other banking instruments.

One of the major transformative strategies of GAB relates to re-kindling programmes on sustainable banking principles to effectively guide banks towards main-streaming the basic tenets of sustainability in their businesses and operations; with the potential to enhance growth and increase returns. These principles are expected to guide member banks

The Association has instituted mechanisms towards implementing measures that would build the capacity of actors in the banking industry to assure their response and readiness for active participation in operationalisation of the Central Bank Digital Currency (CNDC).

A number of measures has been outlined by GAB to ensure regular public engagements through various media channels to highlight the industry's valuable contribution to socio-economic development of the Ghanaian economy. Strategies would be mapped-out to continually build strong brand trust; manage and disseminate factual information to stakeholders; ensure effective representation of member banks; and make recommendations with positive implications for banking industry and financial sector growth; national drive for financial inclusion; and accelerated economic growth.

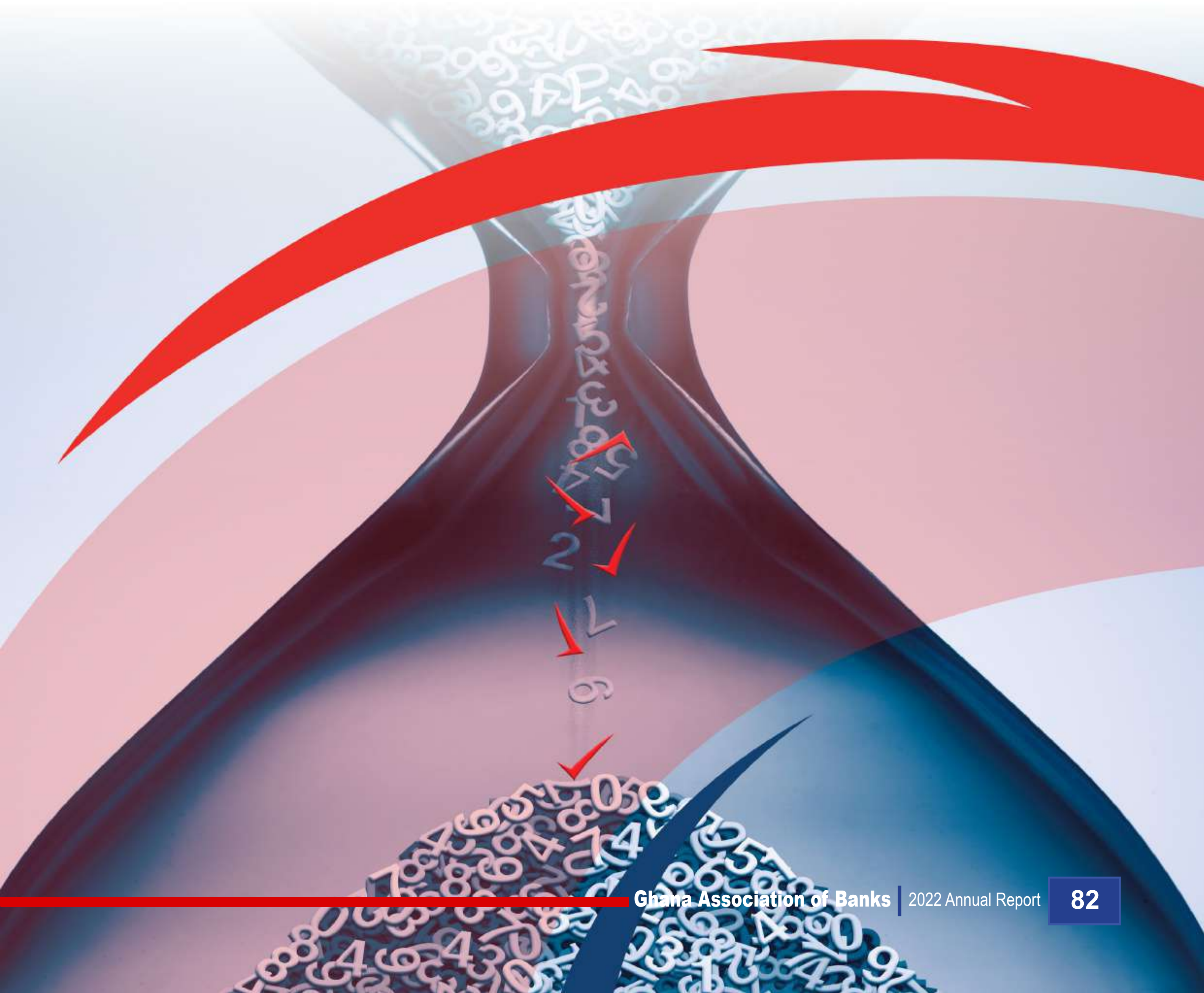
In response to the recent contraction and macroeconomic instability, the government seeks to implement structural changes that would propel growth in the economic activities of small- and medium-sized enterprises (SMEs). GAB would complement government's efforts by encouraging and promoting active participation of member banks; and by conducting analysis of how rising interest rates influence SMEs' access to credit, among other pertinent macroeconomic considerations.

GAB would take the necessary steps to mitigate and deter fraud; while creating awareness among stakeholders. Specifically, GAB would roll-out centralised social engineering campaign to educate the public on fraud involving use of psychological manipulation to trick people into revealing confidential information or performing actions that benefit the fraudster. This initiative is envisaged to heighten public knowledge in fraud schemes and risk of fraud; render the banking industry more attractive to both local and foreign investors; increase public confidence and trust in the industry and financial sector; and improve the retention of customers and consumers.

A framework would be developed to guide the industry's contribution to the development of SMEs and the private sector through expansion and job creation; while improving domestic capacity for revenue mobilisation. This strategy dovetails initiatives of GAB to ensure effective co-ordination towards the development of a functional structure that would allow the youth gain access to technical support and capital; and growth in their businesses.

The practical activities outlined in the preceding section are not mutually exclusive; they are interrelated; and their resounding success is predicated on the ingenuity of GAB; and concerted efforts of all key stakeholders, including member banks and other institutions in the financial landscape. In essence, GAB would count on the magnanimity and unequivocal support of member banks and other stakeholders to deliver effectively on its mandate, including projecting the industry as unique brand; and enhancing the industry's competitiveness at the national, regional and global levels.

GAB's FINANCIAL STATEMENTS



GAB's 2022 FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2022

ASSETS		**2022**	**2021**
Non-Current Assets	**Note**	**GH¢**	**GH¢**
Property, Plant and Equipment	3	612,862	641,110
Investment in Subsidiary	4	10,500,000	5,500,000
Current Assets			
Account Receivables and Prepayments	5	1,023,130	859,916
Short-Term Investments	6	1,380	1,455
Cash and Bank Balances	7	6,055,761	3,207,059
		7,080,271	**4,068,430**
Total assets		**18,193,133**	**10,209,540**
LIABILITIES AND FUNDS			
Liabilities			
Current Liabilities			
Account Payables and Accruals	8	1,030,176	439,450
Non-Current Liabilities			
Long term Loan	9	5,000,000	-
Total Liabilities		6,030,176	439,450
Funds			
Accumulated Fund		12,162,957	9,770,090
Total Funds		**12,162,957**	**9,770,090**
Total liabilities and funds		**18,193,133**	**10,209,540**

The Executive Council approved the Financial Statements on ....July 11,........2023 and signed on its behalf by:

.... President

.... Treasurer

.... Chief Executive Officer

The above Statement of Financial Position should be read in conjunction with the attached notes.

GHANA ASSOCIATION OF BANKS LBG

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2022

		2022	2021
Income	**Note**	**GH¢**	**GH¢**
Subscriptions	10	6,732,168	6,625,131
Investment Income	11	449,498	89,642
Other Income	12	983,579	2,596,427
Total Operating Income		**8,165,245**	**9,311,200**
Expenditure			
Staff cost	13	(3,057,860)	(2,149,443)
Occupancy cost	14	(736,665)	(1,350,920)
Depreciation	3	(195,403)	(172,690)
General and Administrative Expenses	15	(1,782,450)	(5,580,653)
Total Expenditure		**(5,772,378)**	**(9,253,706)**
Excess of Income over Expenditure		**2,392,867**	**57,494**
Other comprehensive income		-	-
Total comprehensive income		**2,392,867**	**57,494**

ACCUMULATED FUND
FOR THE YEAR ENDED 31ST DECEMBER, 2022

	2022	2021
	GH¢	**GH¢**
Balance as at 1st January	9,770,090	9,712,596
Excess of Income over Expenditure	2,392,867	57,494
Balance as at 31st December	**12,162,957**	**9,770,090**

The above Statement of Comprehensive Income should be read in conjunction with the attached notes.

GHANA ASSOCIATION OF BANKS LBG

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2022

		2022	**2021**
Cash flows from operating activities	**Note**	**GH¢**	**GH¢**
Excess of Income over Expenditure		2,392,867	57,494
Adjustments for:			
Depreciation	3	195,403	172,690
Donations		(38,180)	(530,100)
Cash used in operations before changes in operating assets and liabilities		**2,550,090**	**(299,916)**
(Increase) in Account Receivables and Prepayment		(163,214)	(84,059)
Increase in Account Payables and Accruals		590,726	317,736
		427,512	**233,677**
Net Cash used in operating activities		**2,977,602**	**(66,239)**
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	3	(167,155)	(752,833)
Proceed from Sale of Vehicle		-	61,600
Investments in Subsidiary		(5,000,000)	-
Net Cash used in Investing Activities		**(5,167,155)**	**(691,233)**
Cash flows from financing activities			
Long term Loan		5,000,000	-
Donation of Funds		38,180	530,100
Net cash used in financing activities		**5,038,180**	**530,100**
Net increase/(decrease) in cash and cash equivalents		**2,848,627**	**(227,372)**
Analysis of changes in cash and cash equivalents			
Cash and Cash Equivalents at the beginning of the year		3,208,514	3,435,886
Net increase/(decrease) in cash and cash equivalents		2,848,627	(227,372)
Cash and cash equivalents at the end of the year	17	**6,057,141**	**3,208,514**
Cash and cash equivalents			
Short term investments		1,380	1,455
Cash and bank balances		6,055,761	3,207,059
		6,057,141	**3,208,514**

The above Statement of Cash flows should be read in conjunction with the attached notes.

GHANA ASSOCIATION OF BANKS LBG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022

1. **Reporting entity**
   The Ghana Association of Banks LBG was established on 29th May, 1980. The Association is currently governed by a Twenty-four (2021: Twenty-four) member council representing the member banks. The address of its registered office and principal place of business is No.12 Tafawa Balewa Avenue, North Ridge, Accra.

2. **Significant Accounting Policies**
   The following are the significant accounting policies adopted in the preparation of these Financial Statements.

(a) Basis of preparation

(i) **Statement of compliance**
The Financial Statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

(ii) **Basis of measurement**
The Financial Statements have been prepared under the historical cost basis except for financial instruments and other assets that are stated at fair value.

(iii) **Use of estimates and judgement**
The preparation of Financial Statements in conformity with (IFRS for SMEs) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Presentation of Financial Statements

(i) Functional and presentation currency
The Financial Statements are presented in Ghana Cedis (GH¢) which is the Association's functional currency.

(ii) Transaction and balances
Transactions denominated in currencies other than the Ghana Cedis, are translated into Ghana Cedis at rates of exchange ruling at the dates of the transactions. Balances denominated in currencies other than the Ghana Cedis, are translated into Ghana Cedis at exchange rates ruling on the Statement of Financial Position date. The resultant gains and losses are recognized in the Statement of Comprehensive Income.

GHANA ASSOCIATION OF BANKS LBG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2022 - (continued)

2. Significant Accounting Policies (continued)

(c) Financial Instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investment in shares and treasury bills, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instrument not at fair value through profit and loss, any directly attributable transaction cost. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses, if any.

(ii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(d) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Income as incurred.

(iii) Depreciation

Depreciation of fixed assets is calculated to write off the book value on a straight line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:-

Office Furniture and Fittings	20%
Motor Vehicles	20%
Office Equipment	15%
Computers	25%

2. **Significant Accounting Policies (continued)**

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Inventories consist of raw materials, manufactured products, and products purchased for resale and are stated at cost and on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

(f) Trade and Other Receivables

Trade receivables are stated at amortised costs, less impairment losses. Specific allowances for impairments are made for receivables of which recovery is doubtful.

(g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term instruments with maturities of three months or less, and these are carried at amortised cost in the Statement of Financial Position.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand, bank deposits and 91 day treasury bills.

(h) Trade and Other Payables

This consists of trade customer balances, statutory payables and other accrued payables.

(i) Income

Income represents subscription earned and grants received during the year to support the Association's activities. Subscription is recognised when rates have been approved by the governing council and demand notices have been delivered to members.

(j) Grants

Revenue grants are recognized as income over the period necessary to match them with the related costs, which they are intended to compensate, on a systematic basis.

Grants related to an asset, including non-monetary grants at fair value, are presented as deferred income and recognized as income over the useful life of the asset.

(k) Investments

Investments on Government Treasury Bills purchased with the intention of being held to maturity are stated at cost. The discount or interest is amortised over the period to redemption and are disclosed separately as investment income.

(l) Financial risk management

Risk is inherent in the Association’s activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Association’s continuing profitability and each individual within the Association is accountable for the risk exposures relating to his or her responsibilities.

3. Property, plant & equipment

2022	Motor Vehicle	Office Furniture	Office Fixtures & Fitting	Computer	Office Equipment	Total
A. Cost	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**	**GH¢**
Balance 1st January, 2022	581,600	352,340	560,487	77,668	116,442	1,688,537
Additions	7,304			25,000	134,851	167,155
Disposal		-	-	-	-	0
Balance 31st December, 2022	**588,904**	**352,340**	**560,487**	**102,668**	**251,293**	**1,855,692**
B. Depreciation						
Balance 1st January, 2022	116,320	327,520	460,015	53,027	90,545	1,047,427
Charge for the year	117,781	6,728	25,118	19,805	25,971	195,403
Disposal		-	-	-	-	
Balance 31st December, 2022	**234,101**	**334,248**	**485,133**	**72,832**	**116,516**	**1,242,830**
C. Net book value						
At 31st December, 2022	**354,803**	**18,092**	**75,354**	**29,836**	**134,777**	**612,862**
2021						
A. Cost						
Balance 1st January, 2021	433,850	329,160	434,897	69,568	102,079	1,369,554
Additions	581,600	23,180	125,590	8,100	14,363	752,833
Disposal	(433,850)	-	-	-	-	(433,850)
Balance 31st December, 2021	**581,600**	**352,340**	**560,487**	**77,668**	**116,442**	**1,688,537**
B. Depreciation						
Balance 1st January, 2021	372,250	320,792	434,896	39,473	79,576	1,246,987
Charge for the year	116,320	6,728	25,119	13,554	10,969	172,690
Disposal	(372,250)	-	-	-	-	(372,250)
Balance 31st December, 2021	**116,320**	**327,520**	**460,015**	**53,027**	**90,545**	**1,047,427**
C. Net book value						
At 31st December, 2021	**465,280**	**24,820**	**100,472**	**24,641**	**25,897**	**641,110**

	2022	2021
4. Investment in subsidiary	**GH¢**	**GH¢**
Balance at 1st January	5,500,000	5,500,000
Additions during the the year	5,000,000	-
Balance at 31st December	**10,500,000**	**5,500,000**
GBA Health Insurance Company Limited.		
5. Account receivables and prepayments		
Sundry Account Receivables	393,711	245,280
Prepaid Expenses	12,618	12,973
Staff Loan	7,738	
Medical Insurance Prepaid	7,400	
Security Deposit	40,880	40,880
Forensic Investigation	60,783	60,783
GAB Insurance Company	500,000	500,000
	1,023,130	**859,916**
6. Short term investments		
91 day treasury bill	1,380	1,455
	1,380	**1,455**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2022 - (continued)

7. Cash and bank balances

	2022 GH¢	2021 GH¢
Cash in Hand	2,477	6
Cash at Bank	6,053,284	3,207,053
	6,055,761	**3,207,059**

8. Account payables and accruals

	2022 GH¢	2021 GH¢
Ghana Revenue Authority - WHT	134,429	38,822
Ghana Revenue Authority - PAYE	125,062	26,128
Access Bank PLC	100,000	-
Accrued audit fees	-	24,500
GCB Bank PLC	100,000	-
SSNIT	22,342	-
Audit fee	28,000	-
Cedar Provident Fund	22,343	-
Performance award	498,000	350,000
	1,030,176	**439,450**

9. Long term Loan

	2022 GH¢	2021 GH¢
Fidelity Bank Loan	**5,000,000**	-

The Association secured a GH¢5,000,000 loan facilty from Fidelity Bank to increase the stated capital of its subsidiary.

10. Subscriptions

	2022 GH¢	2021 GH¢
Ecobank Ghana PLC	476,862.00	469,280.10
GCB Bank PLC	476,862.00	469,280.10
Stanbic Bank Ghana Limited	476,862.00	469,280.10
Fidelity Bank Ghana Limited	308,558.00	303,651.83
Standard Chartered Ghana Bank PLC	308,558.00	469,280.10
Zenith Bank Ghana Limited	308,558.00	303,651.83
Absa Bank Ghana Limited	476,862.00	469,280.10
Cal Bank PLC	308,558.00	303,651.83
National Investment Bank Limited	200,362.00	303,651.83
Agricultural Development Bank PLC	200,362.00	197,176.51
United Bank of Africa Ghana Limited	200,362.00	303,651.83
Access Bank Ghana PLC	308,558.00	197,176.51
Societe Generale Ghana PLC	200,362.00	197,176.51
Republic Bank Ghana PLC	200,362.00	197,176.51
Guaranty Trust Bank Limited	200,362.00	197,176.51
Prudential Bank Ghana Limited	200,362.00	197,176.51
Bank of Africa Ghana Limited	200,362.00	197,176.51
First Atlantic Bank Limited	200,362.00	197,176.51
Consolidated Bank (Ghana) Limited	476,862.00	197,176.51
FBN Bank Ghana Limited	200,362.00	197,176.51
OmniBSIC Bank Ghana Limited	200,362.00	197,176.51
ARB Apex Bank	200,362.00	197,176.51
Universal Merchant Bank Ghana Limited	200,362.00	197,176.51
First National Bank Limited	200,362.00	197,176.51
	6,732,168	**6,625,131**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2022 - (continued)

	2022	2021
11. Investment income	**GH¢**	**GH¢**
Interest earned on Treasury Bills	**449,498**	**89,642**
12. Other income		
Interest earned on Call Deposit	87,035	125,805
Sundry Income	146,544	115,458
Bullet Proof Vests & Helmets Contributions	-	1,830,164
Donations	750,000	525,000
	983,579	**2,596,427**
13. Staff cost		
Salaries	2,649,178	1,892,146
Social Security-Employer's contribution	193,822	105,276
Provident Fund- Employer's Contribution	171,989	123,928
Medical Expenses	42,871	28,093
	3,057,860	**2,149,443**

The average number of persons employed by the Association during the year was 3 (2021: 2).

	2022	2021
14. Occupancy cost	**GH¢**	**GH¢**
Office rent	638,991	1,263,820
Office Services and parking	-	815
Security	49,200	26,621
Electricity	48,474	59,664
	736,665	**1,350,920**

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER, 2022 - (continued)

15. General and administrative expenses	2022 GH¢	2021 GH¢
Newspapers and Periodicals	5,266	4,088
Printing and Stationery Costs	112,434	86,406
Vehicle Insurance	37,557	46,274
Vehicles Repairs	4,387	-
Office Equipment Maintenance	18,260	13,968
Auditors' Remuneration	28,000	24,500
General and other Office Expenses	82,388	49,130
Transport and Travelling	30,500	31,002
Bank Charges	10,822	4,804
Entertainment Expenses	185,019	55,903
Advocacy Costs/Media coverage costs	337,031	416,344
Relocation Expenses	-	12,750
Bullet Proff Vests & Helments	-	3,797,902
Donations	38,180	530,100
Subscription	9,478	3,620
Accountancy Charges	129,730	129,730
Cleaning and Sanitation Costs	51,687	25,762
Communication Costs	173,462	52,004
Social responsibility	100,000	-
Internal Controllers Consultancy	160,540	142,703
Honorarium	6,000	-
Loan Proccessing fee	25,000	-
Fuel	12,560	-
Overseas Travel	127,854	-
Consultancy	-	99,633
Building Maintenance	95,595	
Vaccination Expenses	-	54,030
Repairs and Maintenance - Computer	700	-
	1,782,450	**5,580,653**

16. Surplus for the year

This is stated after charging:-		
Auditors' Remuneration	28,000	24,500
Depreciation	195,403	172,690
Donations	38,180	530,100

17. Analysis of changes in cash and cash equivalents at the end of the year

Cash in Hand	2,477	6
Cash at Bank	6,081,858	3,207,053
91 day Treasury Bills	1,380	1,455
	6,085,715	**3,208,514**

18. Related party transactions

There were no related party transactions as at 31st December, 2022 (2021: Nil).

19. Contingent liabilities

There were no contingent liabilities.

20. Capital commitments

There were no capital commitments.

21. Events after the end of the reporting period

No significant event occurred after the end of the reporting date which is likely to affect these Financial Statements.

GAB GHANA ASSOCIATION OF BANKS

Contact Us:

NO. 12 Tafawa Balewa Avenue,
GA-029-4444, North Ridge, Accra

P.O. Box 41, Accra.

0302 667 138
0302 670 629

www.gab.com.gh

info@gab.com.gh

Follow Us:

LinkedIn Ghana Association of Banks

Follow on Facebook GAB

Follow on Twitter @BankersGhana

Follow on Instagram @ghanaassociationofbanks