



**OFFICIAL LAUNCH OF
PAYSWITCH COMPANY LIMITED**

**SPEECH DELIVERED BY
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GOVERNOR, BANK OF GHANA**

**ACCRA MARRIOTT HOTEL
MAY 16, 2018**



Your Excellency the Vice President, Alhaji Dr. Mahamudu Bawumia

CEO and Management of PaySwitch Co. Ltd.

CEOs of Banks and Captains of Industry

Members of the FinTech Community

Ladies and Gentlemen

1. It is a pleasure to be part of the official launch of this promising payment processing and switching company. Just last week, the major stakeholders in the payment systems successfully launched the mobile money interoperability in the mobile money sector, in line with the overall objective of the Bank of Ghana to modernize payment services and systems and promote an all-inclusive safe and sound financial sector.

2. Ladies and Gentlemen, a decade ago the word payment was only heard in small and exclusive banking circles. Only those in the banking sector understood the importance and criticality of the payment system. Today the situation has changed considerably. Payment is now on the top of everyone's mind. Digitisation, competition and innovation have led to significant changes in the payments sphere. Digitization and globalization have increased innovation and competition in the financial sector. It is clear that the future of money and finance will be marked by innovation, new technologies and increased competition across



borders. This may subsequently lead to the disappearance of some financial intermediaries that we know today.

3. In line with the global developments over the past decade, the Bank of Ghana introduced the branchless banking guidelines as a precursor to the introduction of establishing an integrated, interoperable and inclusive electronic payment system. Since then, the Bank of Ghana has worked to strengthen the regulatory environment to support non-bank entities operating in the payments subsector.

4. As part of the broader strategy to create an enabling regulatory environment for convenient, efficient and safe retail payment and funds transfer mechanisms, Bank of Ghana issued the Branchless Banking Guidelines in 2008 and the Guidelines for E-Money Issuers (EMIs) and the Agent Guidelines in June 2015. The broad objective of these guidelines was to promote financial inclusion initiatives by extending financial services beyond the traditional branch-based channels and to limit e-money issuance to licensed Dedicated Electronic Money Issuer institutions.

5. These guidelines formed a core part of the Bank's strategy to create a supportive regulatory environment for adoption and use of a convenient, efficient and safe electronic retail payments and funds transfer. The Agent Guidelines were also issued to promote the use of agents as channels for delivery of financial services with specific necessary safeguards and controls to mitigate the associated risks and



safeguard consumer protection. Following publication of the guidelines, there has been increased activity in electronic payments, especially mobile money, with tremendous positive impact on financial inclusion.

6. The Bank has also established the needed financial architecture required to support a robust payments and settlement systems. These include the:

- Ghana Interbank Settlement (GIS) which is Ghana's Real Time Gross Settlement (RTGS) system;
- Cheque Codeline clearing (CCC) system;
- Ghana Automated Clearing House (GACH) system;
- National Biometric SmartCard Payment System (e-zwich);and
- National switching and Processing System – gh-link.

7. In 2016, the Ghana Interbank Payment and Settlement Systems (GhIPSS) also launched an instant pay service which ensures secure instant electronic interbank fund transfer and permits bank customers to transfer funds within and between bank accounts. Another major development in the payment system is the migration from magnetic stripes cards to chip-based payment cards which took effect in April 2018. This migration to secure chip-based cards is expected to minimize if not eliminate skimming or counterfeiting of payment cards. Indeed, these achievements were acknowledged in the April 2018 World Bank's Global Findex Report. According to the report, Ghana's progress in financial inclusiveness has improved from 40.5 percent in 2014 to 58 percent in 2018, driven mainly by digital financial services.



- 8.** As already mentioned, last week we launched interoperability among mobile money platforms and between mobile money and the banks. Consequently, funds can now be transferred across different mobile money platforms and from mobile money wallets to bank accounts. This signifies an important milestone towards an integrated and interoperable electronic payments environment. However, an effective use of this infrastructure rests on market players to innovate and deliver payment products that meet the needs of various categories of customers. The Bank is always ready to support such innovations that do not pose risks to the payment system.
- 9.** To further strengthen the payment system, the Bank of Ghana is introducing an omnibus Payment Systems and Services Bill which is currently before Cabinet. The passage of this Bill into Law is expected to further improve the regulatory environment and provide additional support for emerging digital financial services while minimizing related threats associated with financial inclusiveness. Particularly, the new law will among other things:
- Make provision for emerging payment streams such as electronic money, prepaid cards, credit cards, electronic platforms and payment instruments;
 - Provide for non-banks to establish, own and manage electronic money business in the form of a separate entity to be supervised by the Bank of Ghana;



- Promote the availability and acceptance of electronic money and other forms of payment services as retail payment medium;
- Promote innovation in the design of new secure electronic money products and payment services and increase competition in the electronic money business; and
- Finally, open up the electronic money space to engender financial inclusion and help to reduce poverty.

10. I am therefore glad that PaySwitch Company is being launched today to take advantage of the platform provided by the Bank for fintech companies within the legal and regulatory frameworks of the payment ecosystem. The Bank more than welcomes a more competitive payment landscape that these new reforms bring into the payment ecosystem as the number of non-bank e-money issuers increase. We are not in the business of protecting the incumbents. Banks especially will have to reinvent themselves or risk being disrupted.

11. As we improve on the regulatory and supervisory frameworks and the needed financial architecture, all stakeholders in the payment ecosystem must intensify efforts to innovate products and services to support the cash-lite and financial inclusiveness agenda. Transitioning from a cash-dominant economy to a cash-lite economy on the back of electronic payments requires nurturing consumer confidence in the payment systems. Stakeholders must therefore seek to provide consumers with adequate information needed to confidently transact businesses within the electronic ecosystem. This should be supported by



consumer education, transparency and timely responses to consumer concerns as well as enhanced reliability, security and availability of all electronic payment services. Equally important are initiatives to enhance cyber security and engender greater public awareness of the security characteristics and safety guides to mitigate fraud in electronic payment systems.

- 12.** In view of these developments, the Bank of Ghana has
- published the Consumer Complaints and Recourse Mechanism Guidelines to safeguard and encourage usage of electronic payments.
 - mandated ISO27001 and PCI DSS for payment service providers' compliance, and
 - prepared a Cyber-Security Directive for the industry which is being discussed with all stakeholders.
- 13.** As the payment industry expands, efforts by fintechs should be directed at innovative financial products that provide efficiency gains and cost savings compared with the traditional payment methods. Bank of Ghana will continue to play a facilitating role to further develop the payment systems infrastructure, take proactive actions to safeguard the security of the financial market infrastructure and customer funds, and promote an enabling environment for innovative products and services to thrive.



14. To conclude, join me to congratulate PaySwitch Company Limited on this special occasion and wish the management and staff success. We look forward to your value addition within the payment services industry as we move forward in this rapidly changing environment. Thank you.

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