



ADDRESS DELIVERED

AT

10TH ANNIVERSARY BALL OF FIDELITY BANK GHANA LIMITED

BY

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AT

AT THE MOVENICK AMBASSADOR HOTEL

ON

FRIDAY, APRIL 28, 2017

Mr. President of the Republic of Ghana,
Board Chairman and Group CEO of Fidelity Bank Ghana Limited,
Captains of the Banking Industry,
Management and Staff of the Bank,
Distinguished Guests, Ladies and Gentlemen

Introduction

- 1.** It is a pleasure for me to join you this evening as we mark the 10th anniversary of Fidelity Bank Ghana Limited (FBL). Indeed, ten years is a major milestone for an institution as it is for an individual. The celebration is not so much a festivity but an opportunity to pause and assess the journey so far. It is a moment to look forward and to devise strategies to overcome particularly some of the emerging challenges facing in this technologically dynamic financial world.
- 2.** In my address this evening, I will briefly recount the progress that Fidelity Bank Ltd has made over the years, and then I will discuss a few regulatory issues that are under discussion. These would include some brief remarks on risk management in the banking industry, developments in the payments system landscape, and lastly the emerging risks with electronic fraud.
- 3.** Ladies and gentlemen, I have been with the Central Bank long enough to acknowledge the significant impression FBL has left on the Ghanaian banking landscape and the niche it is charting particularly in the areas of growth, transformation, innovation and corporate social responsibility.
- 4.** The Fidelity brand has evolved and expanded overtime; thanks to all the gallant men and women who have held the fort, including its loyal customers from inception till now.
- 5.** On the occasion of this special 10th anniversary therefore; permit me to add my voice in congratulating the management and staff, for your efforts in creating such a strong and unique identity for Fidelity Bank.

Progress made by Fidelity Bank Ltd

- 6.** Since 2006 when FBL joined the banking fraternity after evolving from the former Fidelity Discount House, Fidelity Bank Limited has grown both organically and inorganically in size, expanding its branch network, staff, and service. Indeed, the performance of Fidelity Bank has been satisfactory with total assets steadily increasing at end-March 2017 to GH¢4.10 billion, up by 4.71% from the corresponding period last year. The bank has grown its deposits base to GH¢2.58 billion and has extended credit to the tune of about GH¢1.47 billion.
- 7.** According to our records, Fidelity Bank Limited has invested in more than 115 ATMs and operates 75 branch networks with presence in 8 out of the 10 regions of the country. Today, Fidelity Bank can boast of establishing two subsidiaries, the Fidelity Asia Bank Limited, its offshore banking hub and the Fidelity Securities Limited, the investment banking arm.
- 8.** One of the strongest points I have taken notice of during your ten years of existence as a bank relates to the smooth acquisition of ProCredit Savings and Loans Company Limited in October 2014 and the effective manner you have exploited the prospects of synergy to your advantage. The transition was effectively done, with less tension and limited staff layoffs, and I congratulate the board and management for that.
- 9.** Product design and service development is yet another area I see Fidelity Bank's competitiveness. FBL effortlessly run promotions and models reaching out to its customers and hitherto the un-bankable populace. The financial inclusion models such as agency banking, mobile and digital banking, microfinance and strategic partnership are but a few examples of such developments which have contributed to building customer loyalty and expanding banking business in the country.

Risk Management in the Banking Industry

- 10.** As regulators, we welcome such dynamism in the industry and will continue to play our supervisory roles in a way that facilitates financial sector development and at the same time maintaining the integrity of the financial system. As you are aware, the Bank of Ghana has recently concluded the Asset Quality Review (AQR) exercise, and prescribed remedial measures both general and specific to the risk exposure of each bank to help consolidate the existing resilience of the industry and restore the affected banks.
- 11.** We have subsequently issued Supervisory Letters to this effect, (I believe Fidelity Bank has received theirs) with strict timelines for compliance by all. The AQR exercise highlighted impairment in banks' loan books, capital deficiencies, credit concentration in the energy sector and some latent vulnerability in the banking industry. Banks are thus required to reclassify all downgraded facilities and book the appropriate provisions. For banks which suffered capital erosion leading to breaches in solvency and single obligor limits, they are required to furnish the Bank of Ghana with an acceptable capital plan that would restore them to the prescribed capital adequacy benchmark and/or plans to wean them off exposure limit breaches.
- 12.** The Bank of Ghana is also working to enhance the credit infrastructure further. We have been working in consultation with the Ghana Association of Bankers, to review the existing Base Rate model. As you will recall, the idea behind the model was to bring transparency to base rate setting and hence lending rates in the economy; and also to promote uniformity in the definition of determinants of the Base Rate in the industry generally. The Committee has completed its work, and hence a draft notice would be issued soon for implementation.
- 13.** Another key effort is also underway to increase the effectiveness of the Collateral Registry and the Credit Reference Bureaux. In this direction, the Bank of Ghana is developing a central Data Hub for use by data providers to ease their data

submission to credit bureaus. Also, proposed amendments to the Borrowers and Lenders Act, Act 773 have been drafted with the aim of strengthening the Secured Transaction Regime in the creation, perfection, priority and enforcement of security interests on both movable and immovable property.

14. It is our hope that the availability of information on the credit history of borrowers will have a positive impact on the pricing of credit products across the financial sector. These developments will further deepen financial inclusion in the country.
15. Ladies and gentlemen, while working to promote an accelerated development of the financial sector, we must remain cognizant of the emerging risks. We want to emphasize that strengthening financial service operations with risk management in the financial sector is a shared responsibility.
16. We as regulators are encouraging banks and other financial institutions put in place measures that will ensure a sound and safe banking sector where risks are commensurate with the rewards. In particular the full implementation of the ***Basel II and III*** framework which seeks to minimize systemic risk in the financial sector. Also, the recent passage of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and the Ghana Deposit Protection Act, 2016 (Act 931) in particular, were to provide a suitable legal framework for banking supervision, a framework that addresses issues of emerging risks and vulnerabilities in the banking system, while nurturing innovation and financial inclusion, powers of supervision and control, receivership and liquidation, among others.

Payment Systems Developments

17. Ladies and gentlemen, as you are aware, information and communication technology (ICT) is transforming the financial services industry with rapidity. ICT is challenging the traditional banking model by providing alternative channels for banking and payments.

- 18.** In response to the changing banking and payment landscape, we initiated a process to review the Electronic Money Issuers and Agents' Guidelines (2015) and the Payment Systems Act 2003 (Act 662) with the view to consolidating it into one piece of legislation called, Payment Systems and Services Bill, 2017.
- 19.** We have consulted widely with stakeholders in drafting the bill, and the draft is currently with the Ministry of Finance, ready to be forwarded to Cabinet.
- 20.** Clearly, the improvement in regulatory environment has drawn interest of banks and non-bank institutions in the digital financial space. We are seeing increasing collaboration between banks and non-bank institutions such as telcos and financial technology firms for financial service delivery, hence there is no doubt that technology is promoting innovative financial products and a more inclusive financial system in Ghana.
- 21.** We are also working with the banking industry to migrate all payment cards from magnetic stripe standard to Europay, MasterCard and Visa (EMV) chip and PIN standard this year to enhance security and reduce fraud in the industry.
- 22.** Clearly, the use of electronic payments will reduce payroll fraud, improve government revenue collection efforts and enhance the monetary policy transmission mechanism.
- 23.** Notwithstanding the progress made in payments systems development over the last couple of years, there remains a lot more to be done. It is against this background that stakeholders of the payment systems are being brought together under the Payment Systems Council to guide the orderly development of the payment system.

Electronic Fraud

- 24.** Generally, technology-driven payment products are prone to attacks by cyber criminals. Cyber-attacks on financial service providers are becoming increasingly sophisticated and the recent attack on the Central Bank of Bangladesh is signal

enough for us to take precautionary measures to avert attacks on our financial infrastructure by hackers. As a result, I urge financial institutions to work with financial technology firms to deploy security systems with threat intelligence capabilities to assist in preventing cyber threats to financial infrastructures.

25. We therefore enjoin all financial institutions and payment systems operators to obtain international security certifications such as the ISO 27001 and the PCI DSS. These requirements are necessary to promote the integrity of the financial and payment systems.

Conclusion

26. It is always a good thing to mark accomplishments. Celebrations of this nature afford us all an excellent opportunity for self introspection, reflecting on our achievements and challenges, and preparing for the opportunities that lie ahead. I am confident that Fidelity Bank Limited would continue to manage its journey well as it strives forward, with the collective efforts of its stakeholders.
27. I congratulate them for this significant milestone, and I wish them every success for the future and a memorable night for tonight.

Thank you for your kind attention.