

OPENING REMARKS BY THE GOVERNOR, DR ABDUL NASHIRU ISSAHAKU AT THE INAUGURATION OF THE PAYMENT SYSTEM COUNCIL, AT THE MONETARY POLICY COMMITTEE CONFERENCE ROOM, BANK OF GHANA, JANUARY 10, 2017

Good Morning Distinguished Ladies and Gentlemen

- 1.0 It is my pleasure to welcome you all to the Bank for the inauguration of the Payment System Council (PSC), which is being established to promote the development of the Ghanaian payment systems space. This event marks an important milestone in the Bank's effort at establishing a safe and efficient electronic payments environment that is inclusive and also meets international standards. I therefore wish to take this opportunity to thank you for honouring our invitation to be part of this memorable event.
- 2.0 Payment system as a financial market infrastructure plays an important role in the efficient functioning of market economies. It provides a means by which individuals; businesses and government make and receive payments, thereby facilitating economic activity and enhancing the overall growth of the economy. Payment system also play a critical role in effective implementation of monetary policy by providing the channel for policy transmission through reduction in money in circulation. With regard to fiscal policy, payment system brings efficiency and security to the collection and disbursement of government revenue as well as reduction in payroll fraud.
- 3.0 The Bank is committed to developing the payment system on account of its support to the economy and promotion of financial sector stability.

In the past decade the Bank, guided by a ten-year strategy document launched in the year 2000, embarked on payment systems modernization programme. The achievements under the programme

included, the real time gross settlement system(RTGS), the cheque codeline clearing with truncation(CCC), the automated clearing house(ACH) for direct debit and credit funds transfers, and the e-zwich smart card payment systems.

- 4.0 In the year 2014, the Bank launched a strategy document aimed at leveraging on the existing infrastructure and deploying new ones to promote the use and acceptance of electronic medium of payments and financial inclusion. The new strategy document is a product of extensive stakeholder consultation and was guided by rapid development in information and communication technology as well as high mobile phone penetration rate in Ghana.
- 5.0 Ladies and gentlemen, following the launch of the 2014 strategy document, domestic and international payment service providers have shown keen interest in the country's payment systems streams. We are witnessing strategic alliances between banks, fintechs and mobile money operators in the roll out of innovative payment products unique to the African continent. Notable among the many unique initiatives is an electronic payment product that has made it possible for low income earners to purchase Treasury bills for as low as GH¢1.00 using the mobile phone. The success of this product has attracted international attention; hence we have received a number of requests from other central banks on the continent to come and study the design and its rollout.
- 6.0 Enumerating the achievements of the payments systems sector will not be complete without taking account of the mobile money sub-sector. Since the passage of the Guidelines for Electronic Money Issuers in June 2015, the mobile money sub-sector has experienced phenomenal growth compared with that of peer countries. In November 2016 mobile money float account balances with banks totaled GH¢1.01 billion compared with GH¢500.45 million in November 2015; showing an increase of 102%.

- 7.0 It is also gratifying to know that international confidence in the payment system has also picked up on account of a robust regulatory environment. Credit cards issued in Ghana which were formerly not accepted for international transactions are now being accepted in Europe and the USA among others. A number of banks are also now issuing international scheme credit cards such as Visa and MasterCard on account of the renewed confidence in the payment systems. Settlement of local Visa and MasterCard transactions are also now taking place in the country.
- 8.0 The Bank in collaboration with the banking industry is migrating 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.
- 9.0 Notwithstanding these laudable achievements, cash still dominates payment transactions and a large number of our people are excluded from the formal financial sector. A lot remains to be done to develop the payment system. It is against this background that stakeholders of the payment system are being brought together under the Payment System Council to guide the orderly development of the payment system.

The council will be assisted by working groups which will submit reports on thematic areas to the Council to inform it on issues for effective policy decision making. The presentation following my opening remarks will inform council members of their responsibilities.

On this note I declare the Payment System Council of Ghana duly inaugurated.

Thank you for your kind attention.