



MOBILE MONEY @ 10 - STAKEHOLDER WORKSHOP

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Honourable Minister of Finance
Distinguished Guests
Ladies and Gentlemen
Good morning

1. Thank you for the invitation and it is a pleasure to join you today at this workshop which also celebrates ten years of MTN Mobile Money. The chosen theme "*A Decade of Driving Financial Inclusion and Socioeconomic Development – The Impact of MoMo*" is broadly aligned with the Bank of Ghana's strategy to widen the scope of mobile money transactions and in so doing promote financial inclusion in the economy. Over the past ten years, MTN has been a pacesetter in the mobile money space with the introduction of innovative financial products and services to their clients. I am sure this workshop will among others provide an opportunity for MTN to share insights on its successes within the mobile money space.
2. Ladies and Gentlemen, the Bank of Ghana has undertaken several reforms to deepen financial intermediation and promote financial inclusiveness for broad-based economic growth. More recently, the Bank has taken advantage of the rapid technological advances and widespread use of



mobile money to accelerate the country's migration to electronic payments so as to expand the scope of financial services to all and sundry. Consequently, the Bank worked towards achieving a more diversified financial system which meets the needs of various consumers and businesses.

- 3.** The start of these developments dates back to 2007 when the payment infrastructure was established, that is, the Ghana Interbank Payment and Settlement Systems. This was further enhanced with supportive structures such as the Real Time Gross Settlement System (RTGS), the electronic Central Securities Depository (CSD), the Automated Clearing House (ACH) system and Codeline Cheque Truncation system.
- 4.** Considering the rapid growth in mobile money usage within the financial system, the Branchless Banking Guidelines was issued in 2008, and replaced with the Guidelines for Electronic Money Issuers in 2015 after a significant policy intervention. This provided the supportive regulatory environment for mobile money services kick started partnerships between banks and non-



bank entities including telecommunication companies to set up subsidiaries to offer mobile money services and deliver innovative financial products and services.

- 5.** The objective was to leverage on the prevailing high mobile phone penetration to deliver affordable financial services to the growing financially excluded segment of the population. These regulatory interventions incentivised telecommunication companies to partner banks in the provision of innovative products, culminating in increased uptake of mobile money services. The outcome has been overwhelming and we are currently witnessing rapid expansion in mobile money usage pioneered by the telcos and fintechs.
- 6.** Ladies and Gentlemen, recent developments suggest that mobile money technology has evolved and gained public acceptance, and in almost a decade, contributed significantly towards financial inclusion in the country. For instance, the number of mobile money accounts has reached 32.6 million in December 2018 compared with 3.8 million in December 2012. Total float balances as at



December 2012 was GH¢19.6 million compared with GH¢2.6 billion recorded in December 2018.

- 7.** Mobile money has therefore continued to help in expanding financial services to the unbanked. Currently, the mobile money wallet is used for domestic transfer of funds, payment of goods and services, utility bill payments, salary payments, micro-credit and micro-insurance services. In May 2018, the payment and settlements system was firmed up with the successful implementation of mobile money interoperability. With this in place, banks can now leverage on the existing 396,599 mobile money agents to reach out to the unbanked.
- 8.** Also, there are enormous opportunities for banks to leverage on the over 30 million existing mobile money accounts to expand the scope and appeal of electronic payments, offer more innovative payment products that provide convenience, simplicity and speed at minimal transaction costs, as well as offer efficient means of delivering financial services even in the remote areas. This will further enhance financial inclusiveness, promote the



country's cash-lite agenda, and most importantly, deepen financial intermediation.

- 9.** To further enhance regulatory environment for mobile money and other similar innovations within the financial ecosystem, the Bank of Ghana reviewed the Electronic Money Issuers Guidelines (2015) and the Payment Systems Act 2003 (Act 662) which culminated in a new regulatory framework for the payment systems. The new law, the Payment Systems and Services Act, 2019 (Act 987) was passed in May this year to further promote the role of non-financial institutions such as mobile money operators and other payment service providers in expanding the usage of digital financial services.
- 10.** Broadly, implementation of the Act is expected to further liberalize the payment system and pave the way for direct licensing of fintechs by the Bank of Ghana, and ultimately facilitate electronic means of payment. In the long-run, Ghana's new Payment Systems and Services Act should help improve not only the payments system but also create an enabling environment for the surging financial digitization processes in the economy.



- 11.** The Bank of Ghana is engaging the industry and currently reflecting their views to inform the operationalization of this new Act. We will be coming out with the operational guidelines and licensing requirements for FINTECHs in the next couple of weeks. Views from ongoing stakeholder engagements will help us to develop a licensing regime and requirements that allow FINTECHs to operate independently under this new Act.
- 12.** To promote financial inclusion means we need a flexible regulatory environment for FINTECHs, in which innovation is promoted, but at the same time, we are able to strike a good balance between risks and the level of oversight and compliance requirements. The Bank of Ghana remains committed to continuously review regulations to ensure that they remain relevant and accommodate for advances in technology and piloting of new ideas, where possible, by using regulatory sandboxes.
- 13.** The revolution of mobile money transactions in the Ghanaian economy has instigated a paradigm shift to a



new kind of retail banking system where large segments of the unbanked populace are being absorbed into the financial services sector. According to the World Bank Global Financial Inclusion Index released in April 2018, Ghana's financial inclusion has increased from 41 percent in 2014 to 58 percent in 2017 mainly on account of adoption of digital channels such as mobile money for service delivery.

- 14.** Indeed, the success of mobile money transactions in advancing financial inclusion cannot be overemphasized, but there is still scope for further expansion and we need to focus on areas such as **pricing of digital financial services** to promote competitive practices to foster increased usage. Broadly, market players are seeking to lower costs and increase access channels to make digital financial services affordable to the general public.
- 15.** To be successful, electronic payment products should be **affordable and sustainable**. And, sustainability requires leveraging on an enlarged network which supports payment service providers to build critical mass and achieve the desired economies of scale. In this regard,



collaborative efforts with the financial digital space to develop and share infrastructure should be encouraged. This could be the needed enabler to promote modernization of the payment system.

- 16.** Ladies and Gentlemen, another equally important aspect that requires attention **strengthening transactions security** to minimize fraud and instil confidence in the use of electronic payments. Counter fraud measures and risk management practices should be effective and proportionate to each service providers risk levels. These factors would require the attention of stakeholders as collectively, we progress towards a more cash-lite society to ensure secured, affordable and convenient digital financial services.
- 17.** For mobile money entities and fintechs to be successful in an increasingly competitive payment ecosystem, the industry needs to have a long-term view and be ready to build sustainable and affordable electronic payment solutions that meet the needs of diverse clientele in the society.



18. I hope this workshop will highlight some of these discussions and propose directions for further improvement of digital financial services in the country.

19. To end, let me note that, the Bank of Ghana will continue to create the enabling environment by removing price distortions, promoting competition and protecting the interest of the consumers. Let me say congratulations once again to MTN and I wish you a successful workshop.

Thank you for the attention.