



DIGITAL BANKING SUMMIT 2019

KEYNOTE ADDRESS

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**Captains of Banking Industry and Digital Technologies,
Distinguished Guests,
Ladies and Gentlemen,**

1. Good morning and it is a great pleasure to be here today at this Digital Banking Summit. Before I continue, let me thank the International Centre for Strategic Alliances (ICSA) and KPMG for providing this unique platform to deliberate on pertinent issues on digitisation of banking services across the African continent. The choice of Accra for this important event, with Master Card as the lead sponsor, underscores the growing importance of Ghana as one of the emerging digital financial service hubs on the African Continent.

2. Ladies and gentlemen, digital innovation is creating unprecedented opportunities for Africa to grow its economy, create jobs, and transform people's lives. New technologies and business models are opening alternative pathways to economic growth in emerging markets, offering opportunities to reshape our lives and improve economic growth.



3. The Government of Ghana's commitment to formalize the Ghanaian economy through digitisation is laudable. Digitisation is a key component of the "Ghana Beyond Aid Agenda" which is firmly anchored in leveraging technology to promote economic efficiency and inclusiveness for accelerated development and poverty reduction. Indeed, the President has shown keen interest and remains committed to building an inclusive modern society. This drive has seen the roll-out of several digital initiatives such as, the digital property addressing system, the National biometric ID cards which will be linked to Government agencies to help ease identification processes and promote integrity and efficiency in business transactions.

4. We are also witnesses to the tremendous impact of digitisation on the financial sector. Ghana's progress in migrating to electronic payments has been phenomenal. In less than a decade, we have increased the number of



financially included persons from 41 percent in 2014 to 58 percent in 2017, and most of the jump emanated from mobile money patronage. For instance, the volume of mobile money transactions jumped by more than 40 percent from 982 million to 1.4 billion transactions between 2017 and 2018.

5. With the advent of technology, conservative banking operations has given way to dynamism and competition as innovative financial services and product are constantly being churned out. Currently, banks are not only competing among themselves for financial services but also with non-traditional providers such as financial technology companies (fintechs). These developments raise important issues on banks' business models that would appropriately deal with the increased levels of competition in the industry. Faced with these challenges, banks are adopting collaborative strategies and leveraging on opportunities to partner new payment service providers or existing players in the delivery of financial services.



6. In the mobile money space, financial technology companies, banks and mobile money operators have collaborated to introduce value added services such as digital credit, savings and investment, online payment platforms, Unstructured Supplementary Service Data (USSD) services, mobile banking services, Quick Response (QR) codes, Point of Sale (POS) devices, termination of inward remittances into mobile wallets or bank accounts, and agency banking services. Fintechs have also partnered with insurance companies to deliver digital insurance products to the underserved.

7. Indeed, digitisation provides great potential for the banking sector to offer products and services that hitherto was not regarded as feasible. However, the transition to a digital economy requires re-orientation of the sector to meet consumer demand. Ladies and gentlemen, it is against this background that the chosen theme of ***'Digitisation of the Banking Sector – En route to a Cashless Africa'*** is



deemed appropriate and timely as the Continent seeks to harness the potential of digital technology to achieve the cash-lite agenda.

8. In the pursuit of this agenda, let me draw on Ghana's experience and highlight some important elements of the country's strategy towards financial inclusiveness and cash-lite transactions. Over the past fifteen years, the Ghana Interbank Payment and Settlement Systems (GhIPSS), a subsidiary of the Bank of Ghana, in collaboration with other payment service providers have made enormous investments in the payments system infrastructure to provide the platform for digital payments.

9. Among others, the payments system infrastructure has also created an integrated and interoperable retail payments ecosystem which includes cheque codeline clearing with truncation, automated clearing house for direct debit and credit transactions, an instant retail payment system, mobile



money interoperability and the recently launched hybrid card – which has consolidated the e-zwich and gh-link cards – to provide convenience to customers.

10. Mr. Chairman, for the payment system to operate efficiently, it must be subjected to strong legal and regulatory frameworks to provide certainty to all stakeholders. In this regard, the Bank of Ghana initiated processes that led to the passage of the Payment Systems and Services Act 2019, (Act 987) to provide an enabling regulatory regime for digital payments.

11. For all intents and purposes, the Act seeks to promote innovation in the design and delivery of payment products and services by widening the scope of the payments industry to Fintechs and engendering competition. It is expected that Fintechs' innovations will deliver products that meet the needs of all stakeholders, whether banked or unbanked and underserved, to attract them into the digital payment space.



Also, a proportionate regulatory regime has been adopted to promote fairness in regulation and accommodate different payment service providers.

12. The quest for cashless payments is gradually shifting consumer interfaces from the manual environment to cyber space. Alongside this transition, there has also been an increased spate of complex cyber security threats which is posing risks to the cashless agenda. The Bank of Ghana has therefore issued a **cyber-security directive for compliance by banks and payment service providers** to build a robust and resilient digital ecosystem. To further accelerate the digitisation process, stakeholders must work collectively to **promote merchant acceptance of digitised financial products and services**, with particular emphasis on lower-tier merchants, such as small and micro-enterprises.

13. The next key area is **enhancing public confidence**.

Despite the successes achieved so far, some consumers still



lack awareness and confidence in electronic payments. In this direction, the various stakeholders are undertaking continued consumer education and financial literacy to build confidence and help in fraud reduction. GhIPSS and stakeholders in the payment industry are also building a fund to support consumer education. Also, on a regular basis, payment service providers are educating the public on how to avoid scams in the use of the newly deployed payment products and services.

14. The Bank of Ghana is fully committed to the cash-lite agenda which ties in with the Government of Ghana's digital economy agenda. So far, we have seen the introduction of the biometric national identification system and the digital addressing system which are all supportive of our quest to drive digitised financial transactions. As the central bank, we will continue to work with all stakeholders to ensure the successful implementation of these initiatives. Of course,



there will be challenges, but with firm commitment, we will eventually reduce the dominance of cash in transactions and improve the efficiency and security of payments for a more inclusive society.

15. To conclude, let me note that the future of banking services is digitisation and it brings opportunities as well as challenges. We can harness digitisation to promote transactional efficiency in the delivery of financial services as well as scale up and broaden financial access to all segments of the society. Together, we must leverage on these opportunities to deliver financial inclusion across our various countries and the continent at large. I believe that these issues will form the basis for the panel discussions and focus sessions at this two-day Summit. I wish you a fruitful deliberation.

16. Thank you for your attention.

