



**THE 2019 IADI AFRICA REGIONAL COMMITTEE TECHNICAL ASSISTANCE
WORKSHOP**

OPENING ADDRESS BY

**DR. ERNEST ADDISON
GOVERNOR, BANK OF GHANA**

MARRIOTT HOTEL, AIRPORT CITY, ACCRA, GHANA

NOVEMBER 18, 2019

**His Excellency, Vice President of the Republic of Ghana,
Honourable Minister for Finance,
Honourable Ministers of State,
Members of the Diplomatic Corps,
Deputy Governors, Bank of Ghana,
GDPC Board of Directors,
Secretary General, International association of Deposit insurers
(IADI),
Representatives of IADI Member Institutions
Representatives of German Development Fund, the Kfw,
Heads of Financial Institutions,
Members of the Media Fraternity,
All Protocols Observed,
Distinguished Guests, Ladies and Gentlemen,**

1. It is with great pleasure to welcome you all to the 2019 IADI Africa Regional Committee Technical Assistance Workshop. I really consider it a great honour to participate in this important gathering of financial safety-net guardians.
2. As a statutory institution tasked with the responsibility of formulating and implementing monetary policy towards ensuring price stability, guaranteeing financial stability and promoting economic growth, the Bank of Ghana, should, and as matter of top priority take a keen

interest in matters bordering on deposit insurance. As a matter of urgency and to ensure that in future, cost of resolution of banks do not spill over into the space of fiscal management and create macroeconomic imbalances, the Bank of Ghana recognizes how important a deposit protection scheme can immensely contribute to the stability of the entire macroeconomic architecture, including on financial stability.

3. There is deep recognition all over the world that financial stability is a necessary precondition for promoting sustainable economic growth and ensuring the efficient transmission of monetary policy actions. This explains why Central Banks are entrusted with the authority to regulate banks and specialized deposit-taking institutions in order to protect public savings, prevent build-up of toxic assets which could have detrimental effects on the economy, prevent the adverse consequences of bank failures with the ultimate goal of ensuring a healthy financial system.
4. The reality however, is that, in spite of the strict regulatory and supervisory regime of the Central Bank, banks and specialized deposit-taking institutions could still fail due to poor management of the economy, poor lending practices, concentrations of credit, poor risk management practices, speculative runs on banks, non-bank sector activities with high degree of connectedness to the banking sector and other factors beyond the control of regulators.

5. As pointed out earlier, the absence of a deposit insurance scheme in the midst of bank failures could impose enormous strain on fiscal policy management. In the absence of an effective scheme, as has been the case in Ghana until now, the failure of banks and specialized deposit-taking institutions would suddenly place an enormous burden on tax payers', as the Government would be compelled to finance pay-outs to depositors in an attempt to forestall the potential for a bank-run and help contain threats to financial stability.
6. To curtail the potential adverse effects of bank failures on state resources, and to enhance public confidence in the financial system, the established deposit protection schemes to protect depositors from losses in the event of the failure of a bank or specialized deposit-taking institution has become the norm. As a matter of fact, at the last count, 145 deposit protection schemes existed around the world, with 92 of them being members of the International Association of Deposit Insurers (IADI); and I am sure many of the membership of the IADI are represented here today at this workshop.
7. Your Excellency, Distinguished Guests, Ladies and Gentlemen, Ghana does not wish to be left behind in this global drive to develop deposit insurance schemes to maintain financial stability and economic growth. Ghana's Deposit Insurance scheme is long overdue. It is for this reason that the **Ghana Deposit Protection Corporation (GDPC)** was established by the Ghana Deposit Protection Act, 2016, (Act 931, as

amended) to protect small depositors against losses in the event of the materialization of an insured financial sector shock.

8. The establishment of GDPC, therefore, comes as a big relief and a welcome addition to Ghana's financial safety net apparatus, as it puts the nation in a state of readiness to better manage the failure of banks and deposit-taking financial institutions in the future. Indeed, the importance of deposit protection to financial stability cannot be overemphasized, and this is clearly illustrated by the theme of this workshop: **"Deposit Protection – A Catalyst for Financial Stability."**
9. Your Excellency, Ladies and Gentlemen, the IADI, in collaboration with the Ghana Deposit Protection Corporation and Bank of Ghana, has put together this important workshop to facilitate a close interaction among experts working in different areas of regulation and financial stability. This will allow for the sharing of regional and global experiences on effective deposit protection schemes and to ensure that best practices are incorporated in current behaviour to foster trust and enhance confidence in the financial sector.
10. I hope that this workshop will offer participants the opportunity to learn more about the roles and functions of deposit protection schemes and the relevant emerging trends in this field. Hopefully, young deposit protection schemes such as the GDPC will learn a lot from more experienced deposit insurers represented at this workshop, especially as

the role of deposit insurers in today's financial environment continues to evolve and advance.

11. This workshop should also provide a useful platform for discussions on the enormous benefits associated with effective collaboration between Central Banks and Deposit Protection Schemes. It is expected that in the course of these discussions, participants will explore ways of fostering stronger collaboration with their respective Central Banks in order to share experiences.
12. Ladies and Gentlemen, it is heartening to know that the programme for this workshop is revolving around issues of contingency planning and crisis management and how the role of Deposit Insurers can play effectively in a concerted manner in times of bank failures and resolution actions. Hopefully, participants will also be able to delve into issues relevant for effective crisis management such as simulating scenarios relevant to resolutions, communication, legislation and relationship management. Such knowledge is of immense importance to financial safety net players as it enhances their capacity to manage the materialization of insured events and other occurrences that threaten the stability of the financial system.
13. In conclusion, I would like to commend the leadership of IADI for collaborating with GDPC and the Bank of Ghana to organise this workshop. It is my hope that over the next few days, the workshop will

provide all participants with a memorable learning and networking experience.

14. Once again, let me take this opportunity to warmly welcome all participants to Ghana; Akwaaba! I wish you all fruitful deliberations. I hope some of you will find time after the conference to visit some of our nearby tourist attractions.

Thank you for your attention.

PUBLIC