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Launch of the Refinitive Matching Platform

**Remarks by
Dr. Ernest Addison
Governor, Bank of Ghana**

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**Deputy Governors of the Bank of Ghana,
CEOs and Treasurers of banks,
Executives and Representatives from Refinitive,
Heads of Departments, Bank of Ghana,
The media fraternity,
Ladies and Gentlemen.**

- 1.** It is my singular pleasure and privilege to join in today's programme as we launch this key technological intervention in Ghana's interbank FX market. Before going any further with my remarks, I wish to specially thank Refinitive (formerly Reuters) for the key role it has played to make this launch possible today. I am also pleased to share in greater detail how this launch fits into Bank of Ghana's broader objective of reinforcing macroeconomic stability to create the needed conducive environment for economic growth.
- 2.** Ladies and gentlemen, early this year, the country successfully raised a US\$3 billion Eurobond which has significantly improved the reserve levels, providing additional buffers to calm the foreign exchange (FX) market. Over the years, the Bank of Ghana has been implementing FX market reforms to enhance transparency, improve price discovery, and increase availability of FX hedging products. Ultimately, a deeper FX market in the context of a flexible exchange rate regime and stable

inflation environment will increase resilience of the Ghanaian economy against external shocks.

- 3.** It is within this context that in February 2019 and October 2019, the Bank introduced the Ghana interbank market rules and forward FX auctions respectively. Since then we have managed to move our reform process a notch higher and the reason why we have gathered here today to launch the Refinitiv Spot Matching platform. The Refinitiv Spot Matching platform is a trusted primary FX market platform with unique features designed to support an order book that ensures back-to-back trading with firm prices in a transparent fashion to encourage genuine trading interest.
- 4.** Over the years, FX trading in Ghana has primarily occurred in over-the-counter (OTC) markets, where relationship trading plays a vital role in the dealer-to-client and interdealer markets for accessing liquidity and managing risk. Unfortunately markets that trade primarily through OTC relationships are by nature highly fragmented and lack transparency.
- 5.** But the FX market is increasingly evolving and factors such as technology, regulation, security and structural changes are constantly driving market and industry behaviour. More importantly, the adoption of new technology is playing a critical role in automating the trading workflows and is supporting a drive towards further market electronification. As the Ghanaian FX market evolves, it is important to embrace international best practices and standard interbank trading

conventions that will position Ghana as a preferred destination for investor equity and portfolio flows in Africa.

- 6.** This is why the Bank of Ghana has adopted the Refinitiv's Spot matching platform as the market standard for interbank trading in lots of a minimum size of US\$250,000. We note that Refinitiv Spot Matching is the primary source of inter-bank liquidity in twenty-seven (27) currencies due to its distinctive features; all prices are anonymous with counterparties knowing about their identities after a trade has been consummated, there is a clear rule book for participants, counterparties are screened for credit, a market-maker enters a bid or offer with volume and pricing is firm.
- 7.** It is the expectation of the BoG that this platform will improve price discovery and transparency through real-time access to live prices for onshore and offshore stakeholders in the Ghana interbank FX market and deliver clear surveillance for Bank of Ghana. This platform will also provide efficient execution of FX trades with no last look and counterparties will be screened for credit, thereby encouraging genuine interest to trade and client confidence. This application will provide concentrated liquidity due to its all-to-all firm and aggregated liquidity as there is a single order book. Finally, all market data obtained from this platform will be a true reflection of market dynamics and it will eliminate duplicity of foreign currency demand from banks and their customers.

8. Ladies and gentlemen, Refinitiv Spot Matching will play a pivotal role in the functioning of the FX market. The implementation of standard trading lot Sizes (in multiples of \$250,000 or more), bi-lateral credit lines and a closed order book will help support our efforts to deepen the market's liquidity, ensure greater volumes, and reduce execution and operational risks.

9. I am reliably informed that all the banks have been trained and onboarded on this platform and all the required testing of the platform has been done. It is on that note that I declare the platform duly launched. This platform goes live effective tomorrow, 21st February, 2020 and it will be mandatory for all banks on the Ghana interbank market to use this platform for all their firm dealings of lot sizes in multiples of \$250,000 or more. The adoption of this platform is a key step for deepening the local FX market and we therefore expect full adoption from every bank. The Bank would in the future approve granting functionality permission on this platform to other relevant stakeholders such as the Bulk Oil Distribution companies (BDCs) and mining firms that the Bank of Ghana considers important in the foreign exchange market.

10. I expect this platform to play an effective role in further transforming the interbank market into a deeper, liquid and a more efficient one which will in turn effectively support the central bank's mandate of price

stability and financial stability. I thank you for honouring this event and for the attention.

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