



**WELCOME REMARKS BY DR. ERNEST ADDISON, THE
GOVERNOR OF THE BANK OF GHANA ON THE OCCASION
OF THE VISIT OF H.E. THE PRESIDENT OF THE REPUBLIC
OF GHANA, NANA ADDO DANKWA AKUFO-ADDO**

AUGUST 25, 2020

Your Excellency,

Ladies and Gentlemen,

Good Morning and a very warm welcome to you.

Mr. President, it was way back in August 1, 1957, that the Bank of Ghana had the privilege of receiving the then Prime Minister, Dr. Kwame Nkrumah, at the Bank of Ghana Head Office premises for the opening ceremony of the Bank as the central banking institution of the country.

About 39 years later, in 1996, the then President, Flt. Lt. J.J. Rawlings, commissioned the rehabilitated Cedi House Complex. And, today, 63 years after the Bank of Ghana opened its doors, we deem it a privilege and honour to have the sitting President of the Republic giving us a very pleasant surprise visit. This time, there is no ceremony, no commissioning of a new building, but by no means an extraordinary visit in annals of the central bank.

On behalf of the Board of Directors, Management, the staff, and on my own behalf, I am immensely pleased to welcome His Excellency, Nana Addo Dankwa Akufo-Addo, the President of our Republic to the Bank of Ghana.

Your Excellency, the history of the Bank of Ghana is intertwined with that of the governance of the country. And the Bank of Ghana — in playing its role as the guardian of the value of the currency and the efficiency and stability of the financial system, and as a promoter of development goals — has been central to shaping the economic transformation and development of this country. And, it is for this reason that we see this visit as critical and historic.

Your Excellency, the Bank of Ghana, over the last three and half years, has played a critical role in the government's transformation agenda. Through reforms that were effectively coordinated with the fiscal authorities, macroeconomic stability was re-established following the significant imbalances at the end of 2016. Prior to the onset of the COVID-19 pandemic, the Ghanaian economic was once again classified among the fastest growing economies in the world, under your leadership. Growth averaged [7] percent; inflation was reduced significantly and maintained in single digits and well within the Banks target range, and exchange rate stability was well anchored. In fact, the economy had all the ingredients for broad-based inclusive growth. And these efforts were rewarded with Ghana's first ratings upgrade, in 10 years, by Fitch global ratings agency from B- to a B with a positive outlook.

Your Excellency, your support to the Bank during the reforms in the banking sector cannot be over emphasized. Your clear leadership and understanding of the role of the financial sector in the government's transformation agenda, gave the leadership of the Bank the confidence and courage to embark on the comprehensive banking sector reforms over the last three years, which saw an increase in the minimum capital requirements, clean-up of the financial sector by the revocation of licenses of weak and insolvent institutions, and a revamp of the regulatory framework to stabilise and strengthen the sector. The clean-up has resulted in a stable financial sector with fewer banks and Specialized Deposit-Taking Institutions (SDIs) that are well capitalised, liquid, and solvent, and better able to support our nation's

economic growth agenda. These efforts helped to earn the Bank international acclaim as the Central Bank of the Year in 2019. By the end of 2019, all the financial sector soundness indicators showed strong improvements as capital adequacy ratio, profitability, and liquidity levels increased significantly while non-performing loans declined.

Your Excellency, Government's decision to provide funding to pay off depositors and former employees of the defunct financial institutions, came at great cost to the national budget, but has provided significant financial relief to several thousands of individuals, households, and small businesses, and has helped to keep the financial system stable. The successful launch of the Ghana Deposit Protection Scheme in November 2019 under the auspices of the Bank of Ghana to help protect the savings of small depositors, further promotes confidence in the banking system. We continue to remain vigilant in our role as supervisor of the banking system, and through the instrumentality of the Financial Stability Council, which His Excellency established by Executive Instrument in December 2018, we will continue to work with other financial sector regulators to ensure a stable financial system that supports Ghana's transformational socio-economic development agenda.

Your Excellency, all across the globe, the COVID-19 pandemic has taken a toll on human lives, abruptly halted the steady growth recovery in advanced economies, and heightened economic uncertainty in emerging and developing countries. The disruptions to global supply chains have been unprecedented. In response to the economic fallout of the pandemic,

policymakers have embarked on extensive measures to support health institutions, households, and businesses. Fiscal and monetary policy frameworks have been recalibrated to support growth and minimize the impact of COVID-19 on job losses and poverty.

In Ghana, our economy has been severely impacted by the pandemic, as economic activities slowed down significantly, and impacted negatively on individuals and businesses. However, once again, your able leadership and globally acclaimed response to the pandemic is beginning to yield results. Economic activity which dipped significantly during the peak of the lockdown, is already beginning to pick up as monitored by the Bank's updated Composite Index of Economic Activity. The business and consumer confidence surveys conducted in June 2020 also shows some turnaround in sentiments reflecting the gradual lifting of the restrictions.

The Bank's response to the ongoing COVID-19 pandemic is further demonstration of its constant adaptation to the needs of the economy, while seeking to maintain price stability and financial stability. As central bank and banking sector regulator, the Bank of Ghana has responded to the unprecedented economic impacts of the pandemic with a number of policy and regulatory interventions including a reduction in its monetary policy rate, reduction of reserve requirements for banks and specialized deposit-taking institutions, reduction in the capital conservation buffer maintained by banks, reduction in provisioning requirements for certain categories of loans, and the purchase of Government bonds to support economic recovery efforts.

These interventions have released liquidity in the banking system which has allowed banks to restructure existing loans and grant new ones to better support their clients. The Bank of Ghana's ability to respond is a function of the policy space that was created prior to the pandemic, due to effective monetary policy and regulatory measures. This is what has distinguished the Bank of Ghana from other peer central banks.

Your Excellency, we will continue with these sound policy measures aimed at restoring confidence and preserving stability of the Ghanaian economy. In the aftermath of the pandemic, we will have to carefully unwind some of these countercyclical measures that we have implemented to return the macroeconomic environment to the pre-COVID path and allow the financial system to function without the regulatory forbearance that we have put into place to support Ghana's beyond Aid Agenda.

We will also continue to play a key role in the sub-region, helping to shape economic cooperation and regional economic transformation initiatives within the West African Monetary Zone, ECOWAS, and the rest of the continent.

Your Excellency, once again we are pleased to welcome you to the Bank of Ghana and gladly invite you for a brief address.

Thank you very much.