



## **BANK OF GHANA**

### **NOTICE NO. BG/GOV/SEC/2021/01**

#### **BANK OF GHANA ISSUES POLICY ON CROWDFUNDING**

On **Thursday, 4<sup>th</sup> February 2021**, the Bank of Ghana issued a policy to promote and guide the development and use of crowdfunding products and services for the banking sector. This is in line with the Bank's commitment to promote the modernisation of the banking industry, in a manner that meets the needs of diverse groups of people, so as to promote financial inclusion.

Locally known as “susu”, “nnoboa” or “ntoboa”, crowdfunding involves the collection of funds, usually in small amounts from individuals, to support projects or causes. It has been traditionally employed by families, groups or communities to mobilise money to meet the needs of their members.

Market women, farmers, fishmongers, traders, among other groups, have used this informal system as an instrument in the mobilisation of critical funds to meet the pressing needs of members for instance, to raise capital for businesses, payment of medical bills, funeral contributions and children's education.

With the introduction of mobile money, associations and corporate entities have found crowdfunding to be an efficient channel for collecting donations and for raising funds. Mobile money platforms have been used to raise funds for old student association contributions, development contributions, funeral donations and donations towards medical expenses of vulnerable persons. This development signals the potential of digital platforms in transforming the traditional crowdfunding model to enhance its contribution to the implementation of the National Financial Inclusion Strategy and the Digital Financial Services Policy objectives of the country.

Within the last ten (10) years, a number of laws have been passed and directives issued to position the financial sector to leverage digital technology for inclusive growth. Among these laws are the Payment Systems and Services Act 2019 (Act 987), the Data Protection Act 2012 (Act 843), Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930), the Securities Industry Act, 2016 (Act 929) and the Cybersecurity Act 2020. Collectively, they provide the legal basis for digital delivery of crowdfunding products and services, on which Bank of Ghana's crowdfunding policy is anchored.

This policy will promote innovative digital crowdfunding solutions that comply with data protection and customer privacy regulations, good governance and accountability, relevant Anti-Money Laundering and Combating the

Financing of Terrorism (AML/CFT) norms, liquidation procedures and the protection of contributors' interest.

Models of crowdfunding currently permitted under Bank of Ghana's policy are donation-based and reward-based crowdfunding. These models entail the collection, holding and disbursement of funds, and are available to banks, Specialised Deposit-Taking Institutions (SDIs), Dedicated Electronic Money Issuers (DEMI) and Enhanced Payment Service Providers (EPSPs).

In the case of DEMIs, merchant wallets must be created and dedicated to the collection of donations. The minimum due diligence requirements corresponding to the merchant account type stated in **NOTICE NO. BG/GOV/SEC/2020/15** dated **3<sup>rd</sup> December 2020** shall apply. However, the EPSP will require the support of a bank or SDI to fully deliver the service since they do not issue electronic wallets or accounts to their customers.

In addition to the models stated above, there are other variants of crowdfunding such as Debt (or Peer-to-Peer lending) and Equity models which deal with securities and loans and leverage payment platform for the collection and disbursement of funds. By their nature, they fall within both the regulatory jurisdiction of the Bank of Ghana and the Securities and Exchange Commission (SEC). To this end, the Bank of Ghana will collaborate with SEC to prevent possible regulatory arbitrage and to strengthen the stability of the financial system.

The Bank would like to encourage the general public to access the crowdfunding products to be provided by regulated entities, for their donation needs, for improved disclosure, transparency and accountability.

For further enquiries, please contact:

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