



**STANDARD CHARTERED DIGITAL BANKING, INNOVATION &  
FINTECH FESTIVAL**

**"REGULATION AS AN ENABLER FOR DIGITISING THE  
FINANCIAL SECTOR"**

**KEYNOTE ADDRESS**

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**Your Excellency, Alhaji Dr. Mahamudu Bawumia, Vice President of the Republic of Ghana,**

**Hon. Ken Ofori-Atta, Minister of Finance of the Republic of Ghana,**

**Hon. Ursula Owusu Ekufu, Minister of Communication and Digitalisation of the Republic of Ghana,**

**Hon. Tharman Shanmugaratnam, Senior Minister and Chairman of Monetary Authority of Singapore,**

**Deputy Governors of the Bank of Ghana, Dr. Maxwell Opoku-Afari and Mrs. Elsie Addo Awadzi,**

**Mr. Sunil Kaushal, CEO, Africa and Middle East, Standard Chartered PLC,**

**Mr. Lamin Manjang, CEO, Nigeria and West Africa, Standard Chartered PLC**

**Dr. Emmanuel Kumah, Board Chairman, Standard Chartered Bank (Ghana) PLC,**

**Mrs. Mansa Nettey, Chief Executive Officer of Standard Chartered Bank (Ghana) PLC,**

**Staff of Standard Chartered Bank (Ghana) Limited,**

**Stakeholders in the Banking and Digital Finance Sectors,**

**Distinguished Invited Guests,**

**Ladies and Gentlemen.**



- 1.** Thank you very much for the invitation to be part of today's event, which commemorates 125 years of Standard Chartered Bank in Ghana as part of the Bank's Digital Banking and Fintech Festival initiative. The story of Standard Chartered cannot be told without mention of the bank's significant contribution to various sectors of the Ghanaian economy, pre-dating independence. With commitment to strong banking principles and good corporate governance practises, Stanchart has maintained its position as a top-tier bank in terms of assets and deposits within the banking sector. It is therefore my pleasure to share in the 125-year success story and say 'Ayekoo' to all of you at Stanchart for carrying the torch laid by the bank's forbearers.
- 2.** This Digital Banking Summit and Fintech Festival once again positions Stanchart as a trail blazer, with the foresight and preparedness towards the next generation of banking models. Based on the chosen theme of *"Shaping the next phase of Ghana's Financial Technology Landscape for the 21<sup>st</sup> Century"*, I will focus my remarks on the strong foundations that have been laid, in terms of the infrastructure and regulatory frameworks, to support and strengthen Ghana's financial digitisation agenda.



- 3.** Ladies and Gentlemen, banking in Ghana has changed significantly from the last quarter of the nineteenth century when Standard Chartered first opened its doors to customers more than a century ago. Presently, the industry is characterised by adoption and diffusion of technology in every sphere of banking operations. Digitisation of bank accounts has enabled customers to conduct financial services via online platforms in a seamless manner without stepping foot in the banking hall. The positive aspect of these is the broad acceptability of these technology driven financial services due to its convenience, efficiency and affordability. This has also instigated innovative digital financial products services by banks and financial technology firms, to further reinforce financial inclusion.
- 4.** Ladies and Gentlemen, the current vibrant state of Ghana's digital financial service ecosystem is a product of well-thought-out and carefully crafted reforms and policies, spearheaded by the Bank over the past two decades.



- 5.** After a series of strategic policy papers, the Bank of Ghana facilitated the passage of the Payment Systems Act 2003 (Act 662), which provided the legal basis and regulatory anchor for the introduction of technology in the banking industry. With this Law, a real time gross settlement system, which is the Ghana Interbank Settlement (GIS) system, was implemented. This infrastructure significantly improved the efficiency of wholesale and large value interbank funds transfer and liquidity management.
- 6.** Subsequently, additional institutional reforms carried out in line with Act 662 paved the way to establish the Ghana Interbank Payment and Settlement Systems Limited (GhIPSS) in May 2007. Since then, GhIPSS has rapidly transformed the payment ecosystem through the implementation of interoperable interbank retail payment systems, including electronic cheque clearing, automated clearing house for direct debit and credit funds transfer, instant payment, gh-Link card, and mobile money interoperability. These systems, in addition to complementary systems by banks, have facilitated straight-through processing of payment transactions swiftly and efficiently with marginal errors relative to manual processes.



- 7.** The next step was to strengthen the regulatory frameworks so as to diffuse the benefits of the improved interbank systems to the wider society and tackle financial exclusion in a practical and affordable manner. This led to the issuance of Branchless Banking Guidelines (BBG) in 2008, which provided the regulatory support for mobile money through partnerships between banks and telecommunication companies. A further review of the BBG led to the Electronic Money issuers and Agents Guideline in 2015 to address some regulatory challenges and boost adoption of the mobile money concept. These regulatory changes provided the needed boost to the expansion of mobile money operations and set the stage for financial technology in Ghana.
- 8.** The enabling regulatory environment subsequently attracted several FinTech companies who introduced innovative digital financial products and services on the back of mobile money operations. Despite their growing importance in the ecosystem, the operations of FinTechs were largely unregulated, since they were not electronic money issuers. This brought up the need for a regulatory overhaul to better harness the potential of FinTechs without risking stability of the financial system.



Extensive review and consolidation of prior laws, regulations, policies and guidelines led to the passage of the Payment Systems and Services Act, 2019 (Act 987).

**9.** Among others, the Act 987 has created a conducive environment for inclusive and competitive delivery of digital financial services. Banks, specialized deposit-taking institutions and FinTechs are now permitted to provide digital financial services permissible under their licence type. The Act also introduced a tiered licence regime, with each regime associated with peculiar licensing and compliance requirements that are risk-based. This approach to regulation has provided scope for FinTechs of varying sizes to participate in the ecosystem, augment service offerings and promote competition.

**10.** Ladies and Gentlemen, we can confidently say that the strong regulatory and supervisory frameworks underpinning Ghana's payment systems has enhanced the financial digitization process. However, digitisation has come with risks which threaten customer trust and has the potential to unwind the gains of acceptability of digital products and services. Issues



of cybercrime, scams, phishing, data and privacy breaches, digital illiteracy and unresponsiveness to customer complaints pose serious threats to consumer confidence in digital financial services. In view of this, the Bank has issued directives, regulations, policies and guidelines on Cyber Security to assist market players' deal with such threats.

**11.** It is important to note that the burden of security awareness is not only on market players. Indeed, the emergence of new and digital financial solutions has introduced significant complexities in regulation and supervision as well. Therefore, discussions on creating an enabling environment for financial sector digitization must also focus on regulatory technology (RegTech) and supervisory technology (SupTech). Presently, the manual supervisory tools are ineffective in the supervision of digital financial service ecosystem due to its dependence on digital technology, high frequency and dense data, fast transactions, complex and evolving systems. Consequently, the Bank has invested in SupTech tools to exercise effective oversight and supervision of digital financial services and reduce the burden of reporting on regulated entities. An online reporting analytic surveillance system (ORASS) has been set up to





facilitate submission and improve analysis of prudential and other regulatory returns. A complementing supervisory intelligence tool that accepts granular data which are analysed for patterns and trends for timely evidence-based policy interventions is also on-board. An additional Chatbot project, which is an automated consumer complaints management system is in the offing and will help address market conduct concerns.

- 12.** Ladies and gentlemen, it is important that regulations keep abreast with the rapid changes in the ecosystem without stifling innovation in digital financial services. The Bank has adopted the Regulatory and Innovation Sandbox approach to deal with this issue. Currently, the sandbox is being used to live-test innovative digital financial service products, business models and supportive technologies in a controlled environment for possible market rollout. As a nurturing arena, the Regulatory and Innovation Sandbox will ensure that the ecosystem remains relevant and resilient to better serve the changing needs of society in a sustainable manner.



- 13.** More recently, the Bank has taken steps to explore a central bank digital currency within the framework of the financial sector digitization programme. Subsequently, Messrs Giesecke+Devrient Currency Technology GMBH (G+D) has been engaged as the technology solution provider to partner the Bank to pilot the issuance of the digital currency. This project presents a unique opportunity to design a technological representation of a fiat currency that will drive the financial sector digitization further and also facilitate the government's inclusive digital transformation programme.
- 14.** In conclusion, Ladies and Gentlemen, let me emphasize that the path ahead for all stakeholders to be in a state of preparedness to collaborate and adopt the rapid changes that are occurring through financial digitization. As regulators, the Bank will continue to modernize the supportive regulatory frameworks to enhance security and promote confidence and trust in the ecosystem. Thank you and enjoy the rest of the programme.