



POLICY BRIEF – COLLATERAL REGISTRY 2021

BANK OF GHANA FINANCIAL LITERACY PROGRAMME

NOTICE NO.BG/GOV/SEC/2021/18

WHAT YOU NEED TO KNOW ABOUT THE COLLATERAL REGISTRY

The Collateral Registry was established by the Bank of Ghana on 1st February, 2010 pursuant to Borrowers and Lenders Act, 2008 (Act 773), now repealed and replaced with Borrowers and Lenders Act, 2020 (Act 1052) to principally register security interests and collateral created by borrowers to secure credit facilities provided by lenders.

The mission of the Registry is to play a key role in creating an enabling environment to ensure an efficient credit market. The Registry also makes available to the public, information relating to security interests in assets, as well as other ancillary functions.

The Collateral Registry operates an electronic web-based platform.

Fees charged for the services provided by the Registry

The following fees are payable for the Registry services:

- Registrations: GH¢20.00;
- Searches: GH¢10.00

Core functions of the Collateral Registry

The core functions of the Collateral Registry are to:

- Create and maintain a platform for registration of security interests
- Create and maintain a platform for conducting searches on assets pledged as collateral.
- Assist with the enforcement of collateral upon default by borrowers

The Collateral Registry also assists with other post-registration activities such as discharges, amendments and notice of default among others.

Registration of security interests

A lender or a representative of the lender (eg. Law Firms) shall register a security interest with the Collateral Registry.

- **What is a security interest?**

A security interest is a legal right given to the lender by the borrower/third party over his/her asset which enables the lender to have a claim over the asset if the borrower defaults in making payments in the performance of their secured obligation under an agreement.

Type of assets one can present as collateral for a loan

Immovable assets such as buildings or land as well as movable assets like inventories, stocks, account receivables, motor vehicles, farm harvests, household assets etc. can be used as collateral for credit facilities.

Can the same asset(s) be used to secure loans from multiple lenders?

All other services of the Registry are free.

Modes of payment

Post-paid - Banks (including ARB Apex Bank) are by default set up on this mode of payment.

Other interested post-paid users shall obtain a mandate letter authorizing the Registry to debit the said bank's account with the Bank of Ghana at the end of every month as fees charged for the services used by the post-paid user.

Prepaid: Prepaid Users may use Mobile Money and Visa/MasterCard or visit any branch of Bank of Ghana banking hall to make payments in order to access the services of the Registry.

The same asset(s) can be used to secure loans from different lenders if the creditors so agree. The Borrowers and Lenders Act provides for how proceeds from such collateral sharing arrangements are to be handled.

Non-transfer of title

A security interest in property shall not operate as a transfer of title in the property from the borrower to the lender.

Benefits of registering a security interest

- Registration at the Collateral Registry serves as notice of an interest in asset(s) pledged as collateral.
- Registration enables lenders to perfect their interest in asset(s) pledged as collateral.
- Registration also establishes an order of priority. Generally, a security interest registered shall have priority over subsequent registrations in the event of a default.

Benefits of conducting searches

- A lender may use the Registry to ascertain whether an asset has been used as collateral by another person and the extent of encumbrance.
- The General Public may also conduct a search on the Registry's platform to know the status of asset(s) they intend to purchase.

What happens when a borrower honours a payment obligation?

The lender is mandated to discharge the registered security interest from the Collateral Registry System where the debt has been settled by the borrower.

The lender is further required to furnish the borrower with a copy of a document referred to as the Memorandum of Release of Debt issued by the Collateral Registry.

What happens when a borrower defaults in a payment obligation?

- Where the lender decides to realise the registered security interests upon default by the borrower, the lender shall give a notice of default to the borrower in writing and request the borrower to pay the amount due within **thirty (30) days** after the date of receipt of the notice.
- Where the borrower is unable to cure the default within the specified period, the lender may:
 - ✓ Sue the borrower on any covenant to perform in the credit agreement


- ✓ Realise the security in the collateral without initiating proceedings in court where the security interest is registered with the Collateral Registry.
- ✓ Appoint a Receiver or Manager in accordance with a credit agreement

How does the Collateral Registry assist lenders to realise their security interest without initiating proceedings in court?

- In order for a lender to realize a security interest out of court, that security interest must be registered with the Collateral Registry.
- A lender who intends to realize a security interest registered at the Collateral Registry shall register a notice of that intention with the Registry.
- Where all requirements are met, the Registrar shall certify the realization process by issuing a certificate known as the **Memorandum of No Objection**. This certificate (**Memorandum of No Objection**) enables lenders to realize their interest in collateral without recourse to proceedings in court.
- A lender who obtains the **Memorandum of No Objection** certificate may take possession of the collateral or render the collateral unusable without removal.
- Where a lender is unable to enforce their right of possession in a peaceable manner, the lender may upon a warrant issued by a court use the services of the Police to remove the collateral or evict the borrower where the collateral is immovable property, subject to the rights of third parties or other persons in possession of the collateral.

The services offered by the Registry can be accessed online via the Collateral Registry's web portal: www.collateralregistry.gov.gh.

For further information, please contact Bank of Ghana Market Conduct Office on:

Tel: 0302665005  0596912354, 0501502270

Email: complaints.office@bog.gov.gh

Location: 7th Floor, Cedi House, Liberia Road, near National Theatre, Accra

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THE SECRETARY

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