



ADDRESS DELIVERED

AT

**THE COMMISSIONING OF SERVICES INTEGRITY SAVINGS & LOANS LIMITED
HEAD OFFICE BUILDING**

BY

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GOVERNOR, BANK OF GHANA

ON

THURSDAY, DECEMBER 1, 2016

The Chief of the Defence Staff, Air Marshal Michael Samson-Oje,

Service Commanders,

Formation Commanders,

Directors General,

Senior Officers,

Officers, Men and Civilian Employees of the Ghana Armed, Forces,

Distinguished Guests,

Ladies and Gentlemen.

Thank you very much for the invitation to be a part of this event. I feel particularly privileged to serve as the guest of honour on this special occasion of the Commissioning of the Head Office building of Services Integrity Savings and Loans Ltd. I know the journey to this stage has been long and winding and would therefore like to congratulate the Ghana Armed Forces Council for championing this noble cause.

The Chief of the Defence Staff, Service and Formation Commanders, distinguished ladies and gentlemen, today marks a major landmark in our financial landscape, as the Ghana Armed Forces commissions the Head Office of its Savings & Loans Company. I wish to extend to you all, warmest felicitations from the Board and Management of the Bank of Ghana and congratulate you the Officers and men of the Ghana Armed Forces for this achievement. It is my hope that this edifice we are about to commission today will serve as the pride of the Armed Forces.

The Chief of the Defence Staff, Service and Formation Commanders, distinguished ladies and gentlemen, the importance of licensing function in the supervisory framework cannot be overemphasized. In recognition of the importance of controlling entry into the industry, the Bank of Ghana having received the application from the

Ghana Armed Forces went through the main elements of processes typically followed by supervisory authorities when licensing an institution. Having been satisfied that all requirements had been fulfilled, the Bank proceeded to issue a License for the Services Integrity Savings and Loans Company Ltd to commence its operations. Although a well-administered licensing process does not guarantee that an institution will be well run successfully, it is an effective method of limiting entry into the financial system to a few stable institutions as possible, in order for the public to have confidence in the system. It is my expectation that this institution will be prudent in the granting of credits whilst carving a sustainable market niche for itself. I have no doubt that with the right attitude and posture, and sense of mission, this institution will excel in the savings and loans sector.

The Chief of the Defence Staff, Service and Formation Commanders, distinguished Ladies and Gentlemen, let me remind you that this company is venturing into the banking sector at the time when the sector has witnessed remarkable restructuring and transformation. The specialized deposit taking institutions of which the savings and loans companies are dominant is fast growing amidst intense competition. The sector contributed 14.4% of the banking industry's total assets as at end September 2016 and poised to grow further as Bank of Ghana continues to receive applications from prospective institutions. Presently, there are 29 licensed Savings and Loans companies and will urge you to ride on the back of innovation and technology to gain a foot hold in the market.

Distinguished Ladies and Gentlemen, to some extent, our roles as regulators over the years have been educational in the sense of sensitizing institutions on the importance of risk management systems among others. The Bank has been guiding institutions in their efforts to put in place a robust risk management system and has been sharing global best practices in this respect. On this note permit me to sound a message of caution to the management of Services Integrity Savings and Loans Limited as they

venture into a very competitive environment. The key risks that would emanate from your operations are that of credit and operational. To this end, I would entreat you to scale up your credit underwriting standards and risk management systems to ward off any potential risk from precipitating. Weakness in corporate governance still remains a challenge in the non-bank financial institution sector and I am confident that the level of discipline that the Armed Forces is noted for would be brought to bear on the operations of Services Integrity Savings and Loans Company Ltd.

The Chief of the Defence Staff, Service and Formation Commanders, distinguished Ladies and Gentlemen, on this occasion of commissioning Services Integrity savings and loans head office, permit me use this opportunity to highlight a few policy initiatives the Bank of Ghana is leaning towards in our effort at ensuring the existence of stronger institutions. On the supervisory front it is gratifying to note that over the years, measures have been put in place by the Bank to improve the regulation of savings and loans companies to ensure a safe and sound financial system. To this end, the sector will soon be required to be IFRS compliant in the presentation of their financial statements.

On the regulatory front, there are also some key developments we must be mindful of going forward. As you may be aware, the current Banking Act is making way for a new legal framework, the Banks and Specialized Deposit-taking Institutions Act which has been approved by parliament of Ghana and received Presidential assent. The Act has made provision for some key thematic areas such as consolidated supervision, reinforcing prudential limits on loans and other exposures of connected nature, prompt corrective actions as well as detailed resolution framework. Similarly the Deposit Protection Act which has also been approved by the Parliament of Ghana and received Presidential assent when gazetted is expected to kick start the legal framework for providing a general safety net for vulnerable depositors. All these policies are to assist in ensuring a more stable and effective banking system. It is thus my expectation that

the Services Integrity Savings and Loans Company, which would eventually become a bank, will grow beyond seeking the welfare of personnel of the Ghana Armed Forces and be more national in outlook.

As the regulator of the banking system in Ghana, we wish to assure you of our support as you embark on your journey into the banking industry. You must however bear in mind that the safety and soundness of your institution hinges on sound corporate governance practices as well as the institution of robust risk management systems. In this regard, I will urge the Board of Services Integrity Savings and Loans to be assertive and exercise strong oversight responsibility on management. On our side as regulators, we will continue to build the required capacity in supervision to ensure that the operations of regulated institutions are safe and sound to engender trust and confidence in the sector.

Distinguished Ladies and Gentlemen, in congratulating the Military High Command for their forbearance and bubbling foresight in nurturing this dream of establishing a savings and loans company, I look forward to seeing this company grow into the versatile bank.

On this note, I declare the Head Office Building of Services Integrity Savings and Loans Company duly commissioned.

I thank you all, God Bless.