

ASSOCIATION OF AFRICAN CENTRAL BANKS

SEMINAR ON PAYMENT SYSTEMS

OPENING REMARKS BY DR PAUL A. ACQUAH GOVERNOR, BANK OF GHANA

ACCRA, JULY 26, 2005

Mr. Chairman,
Distinguished Invited Guests,
Fellow Central Bank Governors,
Seminar Participants,
Ladies and Gentlemen.

It is my pleasure to welcome you all to this one-day seminar on payment systems in Accra. This seminar is one of the major activities of the 29th Ordinary Meeting of the Assembly of Governors of the Association of African central banks, which the Bank of Ghana is privileged to host this year.

Mr Chairman, payment systems are critical for the core function of central banks the world over, hence the importance and relevance of this seminar. But in another way, the seminar is important because it provides the forum for networking among central bank payment system

experts to exchange ideas with a focus on Africa but in a global context.

- Firstly, there will be discussions and collation of views on a Consultative Report issued by the Bank for International Settlements (BIS) titled "General Guidance for Payment System Development".
- Secondly, the seminar will examine issues involved in "reforming the institutional framework and coordinating the development of the core infrastructures" for payment systems.
- Finally, the seminar will consider relevant issues with respect to the formation of an African Experts Group on Payment Systems.

Mr. Chairman, all these are very important issues which go to the heart of the ability of African central banks to contribute more meaningfully to the development of payment system principles, policies, standards, and practices not only at the national but at the international level. It is timely to be able to consider in this seminar the growing sophistication of payment systems and the key role central banks are expected to play to ensure safety and efficiency.

Mr. Chairman, a comparison of payment systems in Africa with those in the developed countries reveals clearly the underdeveloped nature of payment systems in Africa. Most of our African countries continue to rely heavily on cash, which is an inefficient and costly payment instrument for transactions involving large amounts. Paper and paperless (electronic) modes of payment, which have been proved to be most efficient and less costly, are yet to make a significant impact in most African countries. This is unacceptable and we need to develop safe and efficient payment systems that foster economic growth. I hope that this seminar will go a long way to help in that direction.

Mr. Chairman, concern for payment systems development, is a recent phenomenon even at the international level. Efforts by the G-8 and the BIS to study international payment arrangements, risks and practices only date back to 1989. Many reports have since been published on various aspects of domestic and cross border payments of which the document entitled Core Principles for Systemically Important Payment Systems (CPSIPS) is the best known and the most comprehensive. The CPSIPS was issued in 2000 for comment and the final version was published in 2001. Though African Central Banks were

invited to comment on the consultative document, they did not have the forum then to submit a coordinated African Central Banks response, which would have received better attention than the submissions by individual central banks.

Today, the core principles and central bank responsibilities, which were eventually published, constitute the basis for establishing and developing systematically important, safe and efficient payment systems all over the world.

The principles prescribe clearly what central banks must do to ensure the proper functioning of payment systems.

In the circumstances, Africa can no longer afford to be a passive participant. This seminar has the opportunity to contribute as well as lay the foundations for Africa to actively participate in global payment systems from henceforth.

Mr. Chairman, the consultative report entitled "**General Guidance for Payment System Development**" should be of major concern to Africa where we have the least developed payment systems. Africa's contribution to the

document must balance technical standards and policy issues with the special conditions in African countries and it should make practical proposals for adoption by the international community.

Similarly, discussions on the reform of the institutional framework and coordination of core infrastructure development must focus on the business needs first, before considering the infrastructure, standards, procedures and legal environment.

Finally, Mr. Chairman, I should like to advise participants to approach the formation of the Experts Group on Payment Systems with open minds and with much patience for one another. A good work done will serve Africa well for many years to come and this should be the goal.

I wish you all fruitful discussions and a happy and enjoyable stay in Accra. I encourage those here for the first time to find time during and after the meetings to visit tourist spots in and around the city and also taste and experience the renowned Ghanaian cuisine and legendary hospitality. Thank you.