



WELCOME ADDRESS DELIVERED

BY

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GOVERNOR, BANK OF GHANA

AT

BANK OF GHANA 60TH ANNIVERSARY LECTURES AND EXHIBITION

AT

KEMPINSKI HOTEL, ACCRA

ON

AUGUST 18, 2017

Your Excellency, the President of the Republic of Ghana,
Your Excellency, the Vice President of the Republic of Ghana,
Distinguished Invited Guests
Board of Directors
Colleagues and Staff
Ladies and Gentlemen

- 1.** I deem it a great pleasure and honour to welcome you all to this important ceremony which climaxes the celebration of 60th Anniversary of the Bank of Ghana—a significant milestone which is intertwined with the rich history of Ghana’s independence. This indeed calls for both celebration and sober introspection. Before I proceed any further, let me say that we are privileged to have H.E. President Nana Addo Dankwa Akufo-Addo to grace the occasion. Your Excellency, we very much appreciate taking time off your busy schedule to come. We also recognize the presence of H.E Vice President Alhaji Dr. Mahamudu Bawumia, The Speaker of Parliament, Rt. Honorable Prof. Aaron Mike Ocquaye, and the Chief Justice, Her Ladyship Sophia Akuffo.
- 2.** I would also like to take this opportunity to recognize Governors from sister institutions on this continent: Governors from BCEAO, Kenya, Lesotho, Mauritius, Guinea, Mozambique, and Deputy Governors from South Africa, Botswana, Nigeria, Sierra Leone, and Zambia. And finally, I also acknowledge the presence of former Governors and Deputy Governors, who in various ways provided invaluable services to the Bank of Ghana and shaped this unique course of history.
- 3.** Your Excellency, the chosen theme for this anniversary celebrations, “*Celebrating 60 Years of Central Banking: Achievements, Challenges & Prospects*”, creates a platform for sober reflection on our past and what was achieved, and where we are heading as a central bank.

We have a series of planned events which chronicles the evolution of the Bank of Ghana, including a high-level symposium on emerging issues that directly affect the Bank's operations. We have also put in place an exhibition of old currencies, documentation and pictures to capture the Bank's nostalgic memories.

4. Your Excellency, in line with the theme for the Anniversary, we highlight some achievements as well as challenges faced in the execution of our mandate of price stability.
5. The historical roles of central banks in most developing countries, including Ghana, have been shaped by development strategies adopted over the period. Bank of Ghana is no exception and the Bank's policies and activities have been shaped by changing political and economic conditions over the years. In the foundational years, the Bank of Ghana Ordinance (No. 34) of 1957 clearly defined the role of the Bank to suit the prevailing circumstances which characterized optimism and aspirations associated with the country's attainment of independence. Consequently, the Bank of Ghana pursued proactive policies to foster the credit system, creating financial institutions as growth-promoting vehicles, while exercising the fundamental responsibilities of currency management and acting as the Government's banker. Since then, the Bank has epitomized and embraced new thinking on monetary policy formulation, driven by those privileged to serve the Bank at the highest level—some of whom are with us here now.
6. Ladies and Gentlemen, it has been sixty years and the Bank is now operating in a different statutory and macroeconomic context. To respond to changing domestic conditions and developments in central banking and monetary policy globally, the Bank of Ghana Act 2002, Act 612, which was passed to bestow operational independence on the central bank, was amended in 2016 to further reinforce and re-focus its policies and mandate on price and financial stability.

These two pieces of legislation marked a paradigm shift in the Bank's operations and would continue to define the role of the Bank of Ghana going forward.

- 7.** On monetary policy formulation and implementation, the Bank officially adopted inflation targeting framework a decade ago, with the Monetary Policy Rate as the main policy tool. Over the past decade, the framework has helped lower inflation volatility. Prior to the implementation of the framework, inflation was highly volatile and hovered above 40 percent, but has since declined significantly and edging closer to the medium-term target of 8 ± 2 percent. The IT framework introduced some clarity and transparency into the monetary policy formulation and helped anchor inflation expectations.
- 8.** This aside, Ghana is a small open economy and hence vulnerable to adverse developments in the global economy, especially in the international commodity markets. These vulnerabilities transmit to the domestic economy through the trade and financial sectors, posing major challenges to the macroeconomic fundamentals. For instance, the past decade has witnessed significant turmoil in the global economy with rippling effects on international commodity and financial markets. Because of the openness of the Ghanaian economy, such global shocks ultimately pose challenges to macroeconomic stability, which is a necessary condition for growth. Such events present immense challenges to monetary policy formulation and the Bank's mandate of price stability.
- 9.** Ladies and Gentlemen, the financial sector has also witnessed significant transformation over the years. From a few government-owned banks, the banking sector is now characterized by privately-owned banks with diverse countries of origin. The sector continues to record asset growth and remains liquid, although some financial soundness indicators have weakened in recent times, raising concerns for financial stability. For instance, the prevalence of high non-performing loans reduces liquidity which impacts negatively on profitability, and broadly obstructs transmission mechanism of monetary policy.

10. Mr. Chairman, as part of our mandate to maintain financial stability, the Bank has embarked on a process to resolve some of the prevailing issues which threatens stability of the banking sector. Just this week, the Bank of Ghana revoked the licenses of 2 banks and approved a purchase and assumption agreement that allowed GCB Bank Ltd to take over the affected banks' selected assets and deposits. This, together with other prudential and supervisory measures introduced by the Bank of Ghana, is geared toward safeguarding the stability of the financial system and creating a healthy financial sector capable of supporting the transformational agenda of the Government.

11. Mr. Chairman, a decade ago, the Bank launched a comprehensive programme to revamp the payment and settlement systems which is deemed critical for the transmission of monetary policy. The Ghana Interbank Payment and Settlement Systems Limited (GhIPSS) was then established to implement and manage the payment system infrastructures for banks and non-bank financial institutions in Ghana. Currently, GhIPSS manages the National Switch and Biometric Smart Card Payment System (E-zwich), the Cheque Codeline Clearing (CCC) and Automated Clearing House (GACH) systems. Today, our payment system infrastructure is among the best in the sub-region and we are gearing up to take it to the next level of interoperability which should unleash more innovative products and services and promote financial inclusion in the country.

12. Ladies and Gentlemen, we can go on enumerating the achievements, but I would also like us to refocus our energies on the future of the Bank of Ghana.

13. Mr. Chairman, the uncertainty in the global economy suggests that the Bank's mandate of price and financial stability should be anchored on new strategies to strengthen monetary policy formulation to ensure macro stability and a healthy financial system. The combination of which would unleash the full potential of the private sector to boost economic growth.

As per the amended Bank of Ghana Act, 2016 (Act 918), the operational independence is still guaranteed and the central bank will continue to employ all tools available to achieve the mandate of price stability.

14. In our quest to maintain sanity in the financial industry, the Bank of Ghana will continue to strengthen the licensing requirements, regulatory and supervisory frameworks of banks and non-bank financial institutions. Together with other relevant stakeholders, we will work to build a stronger industry in a business-friendly environment by ensuring that banks have adequate capital to match their risk appetite. The Bank is fully aware of its overall institutional responsibility of developing an integrated financial system that can provide diversified range of products and services to support a dynamic growing economy. As we mark this 60th Anniversary, therefore, the Bank commits to pursue this objective with professionalism and integrity, as we lay another foundation for the next phase of central banking in Ghana.

15. In conclusion, Mr. Chairman, I should say that I consider it a privilege and an honour to be part of this important milestone of the nation's central bank. And I welcome you all to take active part in the celebrations.

Thank you for your attention.