



## **PRESS RELEASE**

### **BANK OF GHANA REGULATORY SANDBOX**

Following a successful pilot implementation, Bank of Ghana has today, 19<sup>th</sup> August 2022 launched its Regulatory and Innovation Sandbox developed in collaboration with EMTECH Solutions Inc. This is in line with the Bank's commitment to continuously evolve a conducive regulatory environment that fosters innovation, financial inclusion and financial stability.

Over the past two (2) years and during the pilot, the use of digital financial services among Ghanaians has recorded remarkable increase on account of a raft of enabling policies introduced by the Bank and the Government of Ghana under the national digitalization agenda. At the same time, the restrictions imposed on movement of persons as part of the COVID-19 containment measures have spurred the adoption of digital financial services among individuals, businesses, government ministries, departments and agencies.

Similarly, the adoption of emerging technologies such as artificial intelligence, machine learning, and data analytic tools is accelerating among Ghanaian financial service providers with enormous opportunities for innovative products and services including chatbot, Know Your Customer (KYC) and Customer Due Diligence (CDD) solutions, anti-money laundering and fraud monitoring platforms, credit scoring for digital credit products and customer-centric product designs.

Within the domain of Bank of Ghana, the digital version of the Ghanaian currency, the eCedi, has the potential of boosting innovation in digital financial service and further enhancing digitalization of the financial service industry when mainstreamed. On the other end of the digitization spectrum, blockchain appears to hold significant promise for use in mainstreaming financial service delivery though the technology is yet to mature. Nevertheless, Bank of Ghana took a bold decision and admitted a blockchain solution into its Regulatory and Innovation Sandbox during the pilot stage; a further evidence of its commitment to innovation.

Against the backdrop of these developments, the Regulatory Sandbox is an opportune tool for harnessing the potential of technology to develop an efficient and inclusive financial service industry without risking financial stability. More importantly, it will serve as an enabling framework for small scale, live testing of innovations by innovators (operating under a special exemption, allowance, or other limited, time-bound exception) in a controlled environment under the regulator's supervision. It aims at, among others, fostering a deeper

understanding of innovative products, services and business models by the regulator, allowing for potential improvements to legal and regulatory requirements to encapsulate emerging technologies, and ensuring careful monitoring and containment of any risks that may emerge.

The Regulatory Sandbox is open to all licensed financial institutions (Banks, Specialized Deposit-taking Institutions, Payment Service Providers, Dedicated Electronic Money Issuers, Financial Holding companies and other Non-Bank Financial Institutions) and unlicensed FinTech start-ups that have innovative products, services or business models that meet the Regulatory Sandbox requirements.

Innovations eligible for the sandbox environment will have to satisfy any of the following broad categories:

1. New digital business models not covered explicitly or implicitly under any current regulation;
2. New and immature digital financial service technology; and
3. Innovative and disruptive digital financial service products that have the potential of addressing a persistent financial inclusion challenge.

The Regulatory Sandbox Framework, user guide and access link to the platform can be found on Bank of Ghana website to provide guidance and accessibility to interested licensed and unlicensed financial or non-financial institutions.

Bank of Ghana through this initiative, affirms its commitment to provide the enabling environment for innovation to promote financial inclusion, and facilitate Ghana's digitization and cash-lite agenda. With support from FSD Africa, we will engage various stakeholders including industry groups, associations and innovation hubs.

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