



BANK OF GHANA

**Disclosure and Transparency Directives for Digital
Financial Services and Products**

*For Banks, Specialised Deposit Taking Institutions and Non-Bank
Financial Institutions*

Exposure Draft

ARRANGEMENT OF SECTIONS

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PREAMBLE

This Directive aims at providing the minimum disclosure and transparency framework to guide providers of Digital Financial Services and Products. The proliferation of mobile devices and access to technology has created a viable environment for the development and creation of services based on these devices and technological platforms.

It is the objective of the Bank to protect Consumers who use these digital financial services by ensuring that institutions who provide these services, do so in a transparent and fair manner by disclosing to the customers and prospective customers, all the information that is necessary to enable the consumer to make informed decisions about the product.

This Directive aims at providing the minimum disclosure framework to guide Providers of digital financial services.

PART I - PRELIMINARY

Title

1. This Directive shall be cited as the Disclosure and Transparency Directives for Digital Financial Services and Products provided by Banks, Specialised Deposit-Taking Institutions and Non-Bank Financial Institutions, 2022.

Application

2. This Directive is:
 - a. issued pursuant to Section 92 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930);
 - b. applicable to Banks, Rural and Community Banks, Savings and Loans Companies, Finance Houses and Microfinance Institutions and their Agents; and
 - c. applicable to any other institution as may be determined by the Bank of Ghana.
3. This Directive shall also apply to non-bank financial institution licensed under the Non-Bank Financial Institutions Act, 2008, (Act 774);

Objectives

4. The objectives of this Directive are to;
 - a. provide a framework to guide providers with regards to the disclosure of information pertaining to digital financial services and products in a manner that repose trust and confidence in consumers;
 - b. protect consumers of digital financial services and products by ensuring that institutions that provide these services, do so in a transparent and fair manner by disclosing to the consumers and prospective consumers, all the

information that is necessary to enable consumers make informed decisions.

Interpretation

5. In this Directive, unless the context otherwise requires,

“Agent” means a person who provides agency services to customers on behalf of a principal under an agency agreement.

“Bank of Ghana” means the Bank of Ghana established by the Bank of Ghana Act, 2002 (Act 612) as amended.

“Basic literacy” means forms of abilities to read and understand the language in which the document has been presented;

“Cooling-off Period” means the period immediately following the acceptance of a credit agreement during which a consumer may upon notification to the Provider cancel the agreement provided the loan amount granted has not been accessed or utilised;

“Consumer” means an individual, a group or a firm that uses, has used or intends to use any Digital Financial Service or Product;

“Customer Service Centre” means an establishment or platform where a digital financial service provider offers support to consumers, to amongst others acquire, cancel or complain about a DFS or its provider;

“Digital Channels” means the communications path and platforms that enable the promotion, marketing or selling of products and services and

delivery of information about the service or product. This includes but not limited to websites, mobile phone application, Self Service Machine (SSM), Point of Sale (POS) Terminals, Automated Teller Machines (ATMs) etc.

“Digital Credit” means a credit product or service that uses smart or feature phone technology, web platforms or any digital channel to register, score, approve and disburse;

“Digital Financial Services or Product” or “DFS” means financial products or services accessed and/or delivered through digital channels including storing and transfer of funds; making and receiving payments; borrowing; saving; insurance and investment;

“Durable medium” means any channel which enables storing of information in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;

“Electronic money” means monetary value which is stored electronically or magnetically, and represented by a claim on the issuer which is issued on receipt of funds, redeemable against cash and may be accepted by a person;

“Electronic money account” means the account held by an electronic money holder with an electronic money issuer for the conduct of electronic money transactions;

“Materials” means information or ideas provided to consumers;

“Provider” means a bank, SDI or non-bank financial institution that offers a digital financial service or product.

“Readability test” means a tool designed to analyse and provide a score that illustrates the level of complexity in understanding a given text.

“Vulnerable Groups” means a segment of the population who might be disproportionately disadvantaged in their access to financial services or products, or who might receive disparate treatment due to their geographic and economic situation, physical and mental condition, level of financial and digital literacy, gender, age, race and religion.

PART II – DELIVERY OF INFORMATION

Fairness and Transparency in the Delivery of Information

6. Providers shall ensure that all Materials provided to consumers, are clear, complete, accurate, understandable and not misleading regardless of the delivery channel and at any point in time of the DFS lifecycle, including the advertising stage.
7. Providers shall be liable for all information delivered to Consumers. This is without prejudice to others who might have participated in the development and/or delivery of information.
8. Providers shall ensure that information disclosure forms an integral part of the product design process.
9. Providers shall put in place measures to deliver enhanced transparency and disclosure for Vulnerable Groups.

10. Disclosures, procedures, promotional and marketing Materials shall be presented in plain and clear language that a consumer with basic literacy can understand.
11. The Bank of Ghana may at its discretion, require a provider to complete an acceptable Readability test of its disclosures, before they are made available to consumers.
12. A provider shall conduct a pilot of these disclosures through its digital channels to assess the effectiveness of the disclosure.
13. Disclosures shall be delivered in the English language or any additional local language(s) the consumer is comfortable with.
14. Any written form of digital communication, shall use a readable font and use a spacing and placement of content that makes the message readable for the Consumer.
15. Disclosures delivered through digital means shall be prominently presented and contextualized effectively in the display screen, in order to enable effective Consumer comprehension.
16. Where a Consumer is required to agree to or disagree with a term or condition associated with a DFS, the Provider shall make both options available, giving the consumer the opportunity to make a choice.
17. Providers shall take into account the best interest, characteristics and financial capabilities of their target market when drafting, reviewing, and simplifying the product information and literature to be displayed through digital means.

18. Providers shall, in disclosing information, put in place mechanisms that enable an adequate level of understanding for individuals with visual and hearing impairments and other deficiencies within the Vulnerable Groups.
19. When assessing the manner to disclose information and its effectiveness in relation to Consumers' level of comprehension, providers shall make use of current technologies and innovative approaches that facilitate Consumer awareness.

PART III – ADVERTISING AND PROMOTIONAL MATERIALS

Receipt of Automated Advertisements

20. Consumers shall be presented with the option to accept or decline the receipt of automated advertisements and promotional information.
21. A Provider shall not make opting for automated advertising or promotional information, a prerequisite for on-boarding a consumer.
22. Subject to the express consent of the consumer, a Provider may send automated advertisement and promotional information, through short messaging services (SMS), electronic mails, automated calls or any other means to a Consumer.
23. A consumers' choice to opt-in shall be documented and proof of same shall be retained by a Provider in accordance with statutory retention periods.

Misrepresentation of Information Contained in Promotional Materials

24. Providers shall not misrepresent the nature of digital financial services or products.

25. Providers shall disclose the associated risks relating to DFS as prominently as the benefits.
26. Unless advantageous to a Consumer, a Provider shall not deliver a product or service to a Consumer, with characteristics and prices which are different from that which has been advertised.
27. Providers shall be liable for all statements made in advertisement Materials. This is without prejudice to others who might have participated in the development and delivery of the said advertisement Materials.
28. Providers or its agents, shall be liable for losses arising out of the transmission of unsolicited messages to Consumers.
29. Providers shall not omit information that is important to a Consumer's decision to acquire a digital financial service or product at minimum:
 - a. Type of product;
 - b. Fees and charges; and
 - c. Conditions and options to subscribe or unsubscribe to the DFS

Prohibition of the Use of Certain Terminology

30. Promotional materials shall not generally use terminologies such as "free", "zero cost", or similar words or phrases, if there exist associated costs to the product or service.
31. Subject to paragraph 30, a Provider that intends to use "free", "zero cost", shall explicitly indicate the specific component of the DFS terminologies refer to.

Minimum Information to be contained in Advertisements and Promotional Materials

32. Any advertisement or promotional material developed by the Provider, regardless of its delivery channel, shall include:
- a. The identity and contact information of the Provider;
 - b. A statement to the effect that the Provider and the DFS is duly licensed and authorised respectively by the Bank of Ghana;
 - c. A summary of the main terms and conditions associated with the DFS;
 - d. The qualifying criteria for participating in the promotion and the duration of the promotion; and
 - e. The contact information of the PSPs internal dispute resolution mechanism, and Consumer Complaints Unit at the Bank of Ghana.

PART IV – DISCLOSURE OF TERMS AND CONDITIONS

Delivery Channels

33. A Provider shall ensure that delivery channels for DFS do not expose consumers to undue risk of scams and fraud;
34. A Provider shall ensure the following:
- a. Consistency in the style and delivery of information;
 - b. Consistency in the medium of communication; and
 - c. Notification to consumers on intended changes to content and delivery channels prior to implementation.

Pre-contractual Disclosures for Digital Credit Product

35. A provider that offers digital credit shall make available to the Consumer, before the Consumer signs on to a loan, a pre-agreement truth in lending

statement in a durable medium and at a minimum provide the following information:

- a. The name of the product;
 - b. The principal loan amount;
 - c. The total cost of the loan including the interest calculated on an annual basis and charges;
 - d. applicable fee and charge;
 - e. The proposed disbursement schedule of the principal debt;
 - f. The annual percentage rate (APR);
 - g. Whether the interest rate in the loan is fixed or variable;
 - h. The number of days after the due date when a payment will be considered late, and the applicable fee if any;
 - i. Whether the loan attracts an early settlement penalty and the amount or percentage applicable;
 - j. The right to:
 - i. A cool-off period,
 - ii. Early settlement of the loan, if any;
 - k. A statement indicating that non-payment of loans on due dates and default may affect the Consumer's ability to access loans in the future; and
 - l. The Provider's contact information for lodging complaints.
36. A Provider shall give a Consumer a minimum cooling off period of two (2) calendar days immediately following the signing of a credit agreement between the lender and the borrower, during which time the borrower may, on a notice to the lender, cancel the agreement without having to pay penalty charges.
37. A Provider shall not levy an early settlement fee in excess of 0.25% on the outstanding principal balance of the loan facility.

38. A Provider shall provide Consumers whose devices do not support the digital receipt of statements of disclosure, alternative means of accessing the statement of disclosure.
39. A Provider may allow existing and prospective Consumers use an electronic loan calculator in simulating the cost of a credit product.
40. Where a Provider enables an electronic loan calculator, the Provider shall include a disclaimer about the illustrative nature of the information displayed. The Provider shall also indicate, that the actual loan details such as interest rates and loan amount may vary based on the Provider's risk assessment of the individual Consumer.

Pre-contractual Disclosures for Non-Credit Products

41. A Provider shall display a list of its fees and charges at all of its premises, Agents' premises, its website, and any other place or through any other medium available to the Provider.
42. A Provider shall disclose the following key information to a Consumer;
 - a. The name of the product;
 - b. The name of the Provider and a statement indicating that it is licensed and regulated by the Bank of Ghana;
 - c. A statement indicating that the Consumers are responsible for keeping their Personal Identification Number (PIN), passwords and other security credentials safe;
 - d. The contact information for the Provider's customer support and complaints unit;
 - e. A statement indicating that the Consumer's personal information, including a record of their transactions will be stored up to the maximum legal limit; and

- f. The terms and conditions of the digital financial service or product.
43. A Consumer shall not be liable for any cost, fees or charges associated with a digital financial service or product where the Provider fails to disclose the aforementioned information.
44. A Provider shall only use the methods outlined by the Bank of Ghana, if any, when computing and disclosing the total cost of or yield on a digital financial service or product, inclusive of fees, at any stage of the service or product lifecycle.

Prohibition of Use of Default Options to Induce Acquisition of Products

45. A Provider shall not induce the acquisition of products or services by default, including the use of pre-ticked boxes for the acquisition of ancillary products. Any add-ons to a main product shall be presented separately in a way that allows Consumers to give active and informed consent.

Activities to Improve Levels of Financial Literacy

46. The Bank may require certain activities such as campaigns or programs to be developed and executed by a PSP, in order to achieve financial literacy and Consumer awareness, especially targeting Vulnerable groups in the country.

Contractual Disclosures – Terms and Conditions

47. When a Consumer is contracting a DFS, the Provider shall issue its associated terms and conditions in accordance with the principles of fairness and transparency, under paragraph 6 to 19 of this Directive.

48. A Provider shall at minimum, provide the following:
- a. Name, address and contact details of the Provider;
 - b. Key service features, including risks;
 - c. All costs, fees, and charges (including from third parties) that arise or may arise from the agreement;
 - d. Processes and procedures for redemption where applicable;
 - e. Any transaction restrictions such as limits on the value and number of daily and monthly transactions and balances;
 - f. Any term or condition that may be subject to change and the condition that may trigger the change;
 - g. The mode of communication for changes in terms and conditions;
 - h. The notice period required for changes in terms and conditions to be effected and how a Consumer will accept or reject it;
 - i. The rights and responsibilities of the Consumer;
 - j. The liability of the Provider for unauthorized transactions and system malfunctions;
 - k. Penalties and any other remedies that a Provider may seek to impose in the event of a perceived breach of the agreement by the Consumer;
 - l. Complaint reporting and resolution procedure as required by section 47 of the Payment Systems and Services Act, 2019 (Act 987);
 - m. The procedures to resolve erroneous and duplicate transactions undertaken by the Consumer or by the Provider;
 - n. A summary of procedures to enable Consumers to report in the event of suspicious, unauthorized, or mistaken transactions, fraud, system malfunctions, or lost or stolen payment instruments and/or authentication information, including contact information, and the parties' liability in such cases.

49. When it is reasonably clear that a Consumer has low level of financial literacy or has difficulty understanding a contract, the Provider shall exercise additional efforts to ensure an adequate level of comprehension of the product or service.

Issuance of Complete Contractual Disclosures

50. Providers shall issue in a durable medium, a complete copy of the contractual disclosures when a Consumer acquires a DFS, or when terms and conditions are being changed.

Proof of Disclosure Delivery

51. A Provider shall maintain a proof of Consumers' acknowledgement of receipt and acceptance of contractual disclosures for a minimum of six (6) years in accordance with section 52 of the Payment Systems and Services Act, 2019 (Act 987).

Availability of Terms and Conditions

52. A Provider shall inform Consumers of DFS about their choice of obtaining copies of the terms and conditions at an agent location, customer service centre, branch, or on the Provider's website before they agree to a product contract.

Contradictory Clauses

53. Where there are contradictions or ambiguities in clauses disclosed in the terms and conditions, the most favourable interpretation to the Consumers shall prevail.

Undisclosed Fees and Charges

54. A Provider shall not apply any interest, fees or charges unless previously disclosed to the Consumer in the terms and conditions associated with the digital financial service or product. Any amounts requested by a Provider in contravention of this provision shall be void and shall be refunded with the applicable interest to the Consumer at the prevailing Ninety-one (91)-Day Treasury Bill rate.

Amendment of Terms and Conditions

55. A Provider may amend a term or condition if it was explicitly provided in the terms and conditions that, changes could be effected during the life cycle of the DFS.
56. A Provider shall notify a Consumer at least seven (7) working days in advance prior to implementing any changes to the terms and conditions including fees and charges associated with a DFS.

Notification of Subscription

57. A Provider shall give a Consumer an electronic notification of the final subscription to a DFS with an option to opt out of the digital financial service or product.
58. A Provider pursuant to paragraph 57, shall provide the notification within twenty-four (24) hours after successful subscription.

Bundling of Products

59. If additional products and services are sold in conjunction with or included with a product or service, the Provider shall clearly and separately communicate to the Consumer, the individual products or services that make up the bundle.
60. A Provider may provide the opportunity to a Consumer to contract any additional product or service from other sources with or without the approval of the Provider.

Unsubscribing from a Digital Financial Service

61. Providers shall provide the Consumer with the procedures to unsubscribe from a DFS at the time of establishing a contractual relationship.

PART V – ONGOING COMMUNICATION

Information to be verified before a transaction is executed

62. A Provider shall provide a summary of details of a transaction prior to the Consumer approving the transaction. The summary of details shall at the minimum include:
- a. Information that identifies the beneficiary of the transaction such as name and telephone number;
 - b. The transaction amount;
 - c. The fees and charges as a result of the transaction;
 - d. A caution statement indicating time limits relevant for execution of the transaction and the point of time from which the time limits

- count, including the instance of finality and irrevocability of the transaction; and
- e. Where applicable, the average interbank exchange rate published by the Ghana Association of Bankers on the day the transaction is executed or as prescribed by Bank of Ghana for the conversion of settlement funds.

Confirmation of Transactions

63. A Provider shall issue, free of charge, a confirmation to Consumers, each time a transaction has occurred in relation to the DFS. The confirmation shall at a minimum, contain the following:
 - a. Name of beneficiary;
 - b. Date transaction was completed;
 - c. Transaction amount;
 - d. The beneficiary's account number;
 - e. The originating source of the transaction; and
 - f. The contact information of the Provider's customer service and internal dispute resolution.

Channels to Deliver Transaction Confirmation

64. At a minimum, a Provider shall deliver a transaction through: a short messaging service (SMS) or electronic mail (email). A PSP may resort to the use of an automated phone call as an enhancement, where necessary.

Access to Account History

65. A Provider shall provide, upon request by the Consumer, an account history. The account history shall be provided through any of the following means:
 - a. Short Messaging Service (SMS);

- b. Electronic mail;
 - c. Web service;
 - d. At the premises of the Provider; and
 - e. any other means agreed by the Consumer and the Provider.
66. Where the DFS is accessed through a mobile device, a PSP shall enable an account history of transactions within one (1) month, or the last twenty (20) transactions, whichever is lower at no cost to the Consumer.

PART VI – OTHER PROVISIONS

Internal Policy on Disclosure and Transparency

67. A Provider shall establish internal procedures and policies approved by its Board to ensure compliance with disclosure and transparency requirements under this directive.

Data Collection and Sharing

68. A Provider shall not collect and process data of Consumers without the prior written consent of the Consumer in accordance with the Data Protection Act, 2012 (Act 843).
69. A Provider which collects personal data of a Consumer shall take necessary steps to ensure that the Consumer is aware of the purpose of the collection of the data.
70. A Provider which collects personal data of a Consumer shall use it solely for the purpose for which it was collected.

71. A Provider shall not share personal data of a Consumer with a third party without the prior written consent of the Consumer, unless authorized or required by law.
72. In reference to paragraph 71, a Provider shall disclose to the Consumer all third parties that the Provider intends to share the Consumer's personal data at the time of seeking the consent.
73. A Provider shall not share Consumer's data for a period longer than the contractual period unless;
 - a. Required or authorized by law; and
 - b. With the prior written consent of the Consumer.

Agent Behaviour and Responsibilities

74. A Provider may use an agent to serve its Consumers. The Provider shall however be ultimately responsible and liable for the actions and omissions of the agents in respect of the delivery of the DFS.
75. It shall not be a defense to the Provider that the actions of the agent in relation to the DFS were not authorised by an agency agreement.

Provision of Unique Agent Identification

76. A Provider shall allocate unique identification to its agents. Identification numbers are to be displayed prominently at Agents' locations.

Notification of Termination of an Agent

77. A Provider shall notify all Consumers about the termination of a service agreement with an Agent.

78. A Provider shall adopt an effective communication approach to ensure that all Consumers receive the notification of termination. Such communication approach shall include broadcast messages through:
- a. Short messaging service;
 - b. Electronic mail;
 - c. Provider's website;
 - d. A notice prominently posted at premises of the Provider; and
 - e. any other means required to attain broad communication.
79. A Provider shall inform the Bank of Ghana of the termination within ten (10) days of its occurrence.

Penalties for Non-Compliance

80. In accordance with section 92 of Act 930, the Bank of Ghana may impose on a bank or SDI, an administrative sanction of not more than ten thousand (10,000) penalty units for breach of this directive. In the case of continuous breach, an additional penalty of not more fifty (50) penalty units shall be imposed for each day the breach continues.
81. In accordance with section 44 of the Non-Bank Financial Institutions Act, 2008 (Act 774), the Bank of Ghana may impose on a non-bank financial institution, an administrative sanction of not more than ten thousand (10,000) penalty units for breach of this directive. In the case of continuous breach, an additional penalty of not more fifty (50) penalty units shall be imposed for each day the breach continues