



GHANA FINTECH AWARDS 2022

**REMARKS BY
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LABADI BEACH HOTEL, ACCRA

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**Your Excellency, the British High Commissioner to Ghana
Honourable Ministers of State present
Chief Executives of Banks
Chief Executives of Other Financial Institutions, FinTech Chambers and
Associations
Captains of Industry
Distinguished Guests
Ladies and Gentlemen
Good Evening**

1. It is my pleasure to join you this evening at the 2nd edition of the Ghana FinTech Awards. I am reliably informed that the Governing Council of the Ghana FinTech Association will be inaugurated at this event and so, congratulations to the team for accepting the challenge to lead the Association. Before proceeding, I would like to thank the organisers for the invitation to Chair this function as well as share a few thoughts on “Leveraging Financial Technologies: an opportunity to achieve economic empowerment and financial inclusion.” The chosen topic for this occasion resonates with the Bank of Ghana’s policy of using digital technology to promote financial inclusion as a means of improving the economic well-being of the Ghanaian.
2. Ladies and gentlemen, the importance of financial inclusion for growth and development cannot be overemphasized. It is generally accepted that financial inclusion (or deepening) increases a country’s resilience and boosts economic growth through several sources, including enhancing savings mobilisation, promoting information sharing, improving resource allocation, facilitating diversification and, overall, serving as an effective tool for poverty alleviation. These huge benefits have put financial inclusion at the centre of the global economic policy agenda. More recently, the rapid advancement in technology and high mobile phone penetration in several African countries have paved the way for innovative products and expansion of access to financial services.



- 3.** Back home, financial inclusion is seen as catalytic to social inclusion in the development process as it taps into the large informal sector. Various attempts have been made to target policies toward the vulnerable and economically excluded segments of the population. The government and, for that matter, Bank of Ghana, has consistently pursued policies in this direction in the past, including policies focused on directing credit to specific sectors of the economy and vulnerable groups in society. The regulatory environment was also revamped, and new guidelines were introduced to ensure efficient financial intermediation in the economy.
- 4.** In 2008, the Bank made a significant shift in a policy stance towards digital financial services with the issuance of the Branchless Banking Guidelines. Ever since, various policies have been issued to promote FinTech solutions of which, the current Payment Systems and Services Act 2019(Act 987) is at the core. Based on the principle of proportionate regulation, six (6) risk-based license categories with corresponding permissible activities are accommodated in the Ghanaian FinTech space thereby permitting the participation of FinTechs of varying sizes.
- 5.** It is to be noted that this seemingly unusual policy approach is supported by about a decade empirical evidence on FinTechs impact on financial inclusion. In 2011, Ghana's financial inclusion was 22%. This increased to 41% in 2014, within three years, largely on account of mobile money. Subsequent increases in Ghana's financial inclusion of 58% and 68% in 2017 and 2021 were largely due to FinTech products and services delivered on the back of mobile money.
- 6.** Even more exciting are the diverse financial services designed and delivered through FinTech channels and platforms in collaboration with banks, specialized deposit-taking institutions, insurance, and pension companies. Prior to the emergence of FinTechs, the unbanked and underserved were not profitable market segments for the traditional players in the financial service industry based on the branch model. With the advent of FinTechs and leveraging the extensive network



of mobile telephony, savings, credit, insurance, investment, and pension products are now available across the length and breadth of the country, and even in geographically challenging locations.

- 7.** Inclusive access to a wide array of financial products and services is at the core of effective financial inclusion and essential to empowering persons economically for a meaningful life. Presently, most unbanked, and underserved segments of the population have experienced formal fund transfers and payments through mobile money, an important and critical step to financial inclusion. However, access to savings, credit, and investment remains a challenge. People must be able to save to take care of future needs, invest and access credit to meet pressing needs or seize opportunities to expand their businesses. This presents opportunities for FinTechs to rise to the challenge and provide innovative solutions to address these besetting constraints to fostering a truly financially inclusive society.
- 8.** Let me shift focus a bit to the gender dimension of financial inclusion. Despite the significant reduction in the gender gap in account ownership across developing countries from 9 percentage points to 6 percentage points, according to the 2021 Global Findex Report, the situation is deeply concerning. Women dominate the micro, small and medium size enterprise segment which constitutes about 90 percent of businesses in Ghana. Consequently, the gender gap has far-reaching implications for output growth, employment generation, societal welfare, and economic and financial empowerment. This is without a doubt, a fertile ground for FinTech intervention that promises very high dividends. Several types of businesses including agriculture, manufacturing, distribution, transportation, retail, and wholesale are represented in this category and require user-centric solutions to make any meaningful impact.
- 9.** Indeed, a lot has been done by FinTechs in collaboration with banks and SDIs in these areas. For instance, collateral-free and instant digital micro loans have become an important source of funding for micro businesses. The absence of an



elaborate paperwork coupled with the flexibility and convenience of round-the-clock access enhances the appeal. By using alternative data, such as social media and mobile phone usage, FinTechs can assess the creditworthiness of loan applicants in new ways and enable persons who could not obtain loans for lack of collateral to do so.

- 10.** However, the stark truth is that an awful lot needs to be done with the interventions to be impactful. With a technologically savvy youth, the future of digitally enabled financial inclusion looks promising. But it must start now with solutions tailored to their needs. Addressing the financial inclusion needs of the youth amounts to investing in the future of a financially literate generation, that can be tapped into for accelerated and inclusive economic empowerment.
- 11.** In our zeal to promote inclusive access to financial services, we must not ignore the low-hanging fruits. Starting from what is familiar is likely to give FinTechs a foothold among the unbanked and underserved. A case in point is the traditional “susu” model which has a lot in common with crowdfunding. With the Bank of Ghana’s crowdfunding policy, the enabling regulatory regime has been provided for FinTechs to explore and enhance this financial model familiar to Ghanaians. This hybrid system of savings, investment, and credit has a strong appeal among the unbanked and underserved and could be a composite panacea to some of the country’s inclusion problems.
- 12.** In all these cases, financial education and awareness are key. People must have easy access to information on financial products and services and in a familiar language. Importantly, they must appreciate the risks and be equipped with the knowledge and skills to protect themselves from fraudsters and scammers. Users must be assured of ready support from service providers to timely address their concerns. Certainly, this should not relieve FinTechs of their responsibility for guaranteeing a robust and resilient infrastructure capable of averting cyber-attacks by implementing effective state-of-the-art security solutions. Being a player in the



financial services industry goes with a responsibility for contributing to financial stability. FinTechs, therefore, must always be guided by the principle of responsible innovation in all their endeavours.

- 13.** Let me assure you that the Bank of Ghana is committed to the FinTech agenda and has demonstrated it through the conducive regulatory environment created for FinTechs to thrive. The Guidelines for Inward Remittance by Payment Service Providers have permitted FinTechs to facilitate inward remittance nationwide in a cost-effective and efficient manner. Similarly, the New Merchant Account Categories Notice is encouraging payment solutions targeted at MSMEs. In addition, the Regulatory Sandbox of Bank of Ghana provides a congenial environment for the experimentation of products, solutions, and business models that have the potential of scaling up financial inclusion. FinTechs are encouraged to avail themselves of the cohort announcement to pilot their innovations.
- 14.** Besides these measures, the Bank is keen on the issuance of a digital version of the Ghanaian cedi, and it is currently analysing the pilot data to map up strategy for the next steps of the eCedi project. This is part of the Bank's agenda to promote innovative and affordable digital financial services as a means of expanding financial inclusion and encouraging the use of digital payment as an alternative to cash. In addition, the eCedi is designed to enhance operational efficiency and cost-effectiveness in payments, and provide a safe, secure, and trustworthy alternative to privately issued digital currencies.
- 15.** The Bank of Ghana will continue to work with FinTechs to ensure that financial services are provided to all Ghanaians, regardless of their income or location by encouraging and providing a conducive regulatory environment.
- 16.** In conclusion, Ladies and Gentlemen, FinTechs are playing an increasingly important role in the financial system, offering new and innovative ways for individuals and businesses to manage financial resources, make payments, and



access credit. By leveraging the power of technology, FinTechs are financially empowering the unbanked and underserved, and thereby contributing to economic growth and societal well-being. This ceremony, therefore, is a fitting tribute and recognition of the immense contribution of FinTechs to the financial inclusion gains of the country. It is my sincere hope that these awards will motivate and encourage us all to work together to explore the greater potential that FinTech innovation has to offer. Thank you.

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