



**CHARTERED INSTITUTE OF BANKERS, GHANA  
60<sup>TH</sup> ANNIVERSARY LAUNCH**

**ADDRESS BY  
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**12<sup>TH</sup> SEPTEMBER 2023**

**CIB GHANA AUDITORIUM, EAST LEGON**



**Honourable Minister for Education, Dr. Yaw Osei Adutwum**

**The President of Chartered Institute of Bankers, Ghana, Mr. Benjamin Amenumey**

**Chief Executive Officer, Chartered Institute of Bankers, Ghana, Mr. Robert Dzato**

**Managing Directors of Banks**

**Management and Staff of Banks**

**Associates and Fellows of Chartered Institute of Bankers, Ghana**

**Invited Guests**

**Ladies and Gentlemen**

1. Good morning to you all. It is a pleasure to be here today, and, first, let me express my appreciation to the Chartered Institute of Bankers for the kind invitation to be the guest speaker. Today's launch of the 60<sup>th</sup> Anniversary is indeed a special occasion. Over the past six decades, the Chartered Institute of Bankers has distinguished itself as one of the leading professional qualification institutions in financial services in the country. Most importantly, the Institute has served as a reliable partner, providing relevant and cutting-edge courses for banking and other professionals to build capacity in, enhance knowledge of, and regulate the practice of the banking profession.
2. These are no mean achievements and, on this occasion, to launch the 60<sup>th</sup> Anniversary, I would like to applaud the current and past Chief Executive Officers, staff and management of CIB for the good job done in promoting banking professionalism and ethics in Ghana. In line with the Institute's quest to improve capacity building at all levels in the banking field, a new Chartered Banker for Executive Leadership (CBEL) programme, which targets key management and boards of banks, will be launched today. We congratulate the CIB for



this feat and encourage banks to participate in these programmes to enhance their knowledge and skills.

3. The 2022 audited financial statements of banks reflected the challenging operating environment that prevailed in the year. Most banks reported significant mark-to-market valuation losses on their holdings of Government bonds. Other losses were due to higher impairments on loans and rising operating costs. The industry posted losses of GH¢8.0 billion in 2022, compared with a profit of GH¢7.4 billion recorded in 2021. The main profitability indicators, namely, return-on assets and return-on-equity, turned negative in 2022 because of the industry's loss position.
4. Ladies and Gentlemen, banking sector data for the first half of 2023 reflected some improved performance, despite declines in some key financial soundness indicators. This comes after consensus reached among industry stakeholders on the treatment of the losses, and the timely introduction of the temporary prudential and regulatory reliefs by the Bank of Ghana. The prudential data showed portfolio rebalancing from medium- and long-term investments to short-term investments by banks, amid gradual increases in new loans. As at June 2023, the banking industry's total assets was GH¢242.4 billion, indicating a 21.2 percent annual growth compared to 22.8 percent growth in June 2022. The strong asset growth reflected mainly in investments, particularly short-term investments, while medium to long-term investments declined.
5. Notwithstanding the increases in income levels, costs within the banking sector also increased, reflecting spillbacks from the operating environment. However, the increase in costs did not outweigh earnings, resulting in the strong profit-before-tax in the first half of the year. The developments culminated in a 51.2 percent increase in profit-before-tax in



June 2023, compared with 20.8 percent growth recorded during the same period a year ago. Similarly, the industry's net income or profit-after-tax increased to GH¢4.3 billion from GH¢2.8 billion, representing a 51.4 percent increase in June 2023.

6. Overall, the banking sector's performance improved in the first half of 2023. For the rest of the year, the banking sector is expected to remain broadly stable, supported by the regulatory reliefs and sustained growth in profitability. Also, banks have been advised to submit capital restoration plans to recapitalize progressively over a three-year period. The turnaround in banks' profits, together with the planned equity capital injections, is expected to help rebuild banks' capital buffers, enhance resilience, and reposition the sector to support the country's growth agenda.

### **Redefining Professionalism in Banking through Ethics**

7. Ladies and Gentlemen, now to the CIB's 60<sup>th</sup> Anniversary celebration. The chosen theme for the celebration, which is, "*Redefining professionalism in banking through ethics*" provides a unique opportunity to rethink the core measures that would help build a more sustainable and trustworthy financial industry. The global financial crisis of 2008 and even our own banking crisis, which reflected poor ethical values based on weak governance structures and internal controls, highlighted the need for renewed emphasis on ethics and responsible behaviour in the banking sector. A key lesson drawn from the crisis is that the lack of ethical standards within the banking sector puts all stakeholders at risk, especially shareholders and depositors, and ultimately destabilises the entire financial sector, with spillovers on the economy.



8. This calls for the entrenchment of ethical behaviour in the conduct of banking sector operations. To achieve this, let me share a few points for the Institute, and indeed the banking sector, to ponder over during the Anniversary celebrations. Broadly, banking institutions should:

- prioritize **ethical leadership** at all levels. This means the boards, executives, and line managers should set the tone at the top by adhering to high ethical standards and then promoting those same standards throughout the organization,
- invest in **ethics training and education** for all employees. This means bank staff must understand the importance of ethical behaviour, the consequences of unethical actions, and how to make ethical decisions in complex situations,
- develop **clear and comprehensive codes of conduct** that outline expected behaviours and ethical guidelines for all employees. These codes should be readily accessible and regularly updated to reflect changing industry standards and regulations,
- establish **robust whistle-blower protection programmes** that are well-publicised within the institution and easy to access, to encourage employees to report unethical behaviour without fear of retaliation,
- promote **transparency** in financial transactions and decision-making processes. Individuals must be held accountable for their actions and decisions, and unethical conduct must be promptly addressed and rectified,
- incorporate **sustainability and responsible banking principles** into their operations. Considerations of the environmental, social, and governance (ESG) must be factored into investment and lending decisions to promote long-term



economic and social stability. Here, I would take this opportunity to encourage banks to ensure compliance with the Ghana Sustainable Banking Principles,

- strictly adhere to **regulatory requirements** and collaborate with regulators to maintain a strong and well-regulated financial industry, supported by higher ethical standards,
- reward **ethical behaviour** through performance evaluations and incentives. Banks should recognize and promote employees who consistently demonstrate ethical conduct and contribute to the organization's ethical culture,
- regularly evaluate and update **ethical frameworks and practices**. Ethical standards should evolve in response to changing societal values, technological advancements, and emerging risks; and, most importantly,
- consider the **interests of all stakeholders**, including shareholders, employees, customers, and the broader society, when making business decisions. Ethical banking recognizes the interconnectedness of these stakeholders' interests.

9. Ladies and Gentlemen, by redefining professionalism in banking through ethics, financial institutions can regain the trust of customers, investors, and the public. This will not only enhance credibility but also contribute to a more stable and resilient financial system that serves the best interests of society. In all of these, the Bank of Ghana remains committed to providing the supportive frameworks to ensure ethical and sustainable banks. So far, the Bank has commenced development of a Business Model and Viability Analysis Framework to enhance its supervisory practices for assessing the sustainability of banks' business models. BMA allows supervisors to identify banks' vulnerabilities at an early stage and ensure safety and soundness.



10. In addition, the Bank has incorporated a limited Asset Quality Review in its supervisory programme for 2023. This special exercise is being conducted by the Bank to assess the health of banks' loan and investment portfolios to determine whether their asset classifications are in line with the required classification norms as well as International Financial Reporting Standards.
11. Ladies and gentlemen, as a follow-up to the implementation of Pillar 1 of the Basel II/III implementation in 2018, the Bank intends to scale-up the regulatory reform agenda through engagements with the Ghana Association of Banks on the roll-out of Pillar 2 of the Basel II/III capital framework. The framework will ensure that banks hold adequate capital for all material risks inherent in their operations. In this regard, regulatory guidance will be provided to the following aspects of Pillar 2:
- Liquidity Risk Management,
  - Internal Capital Adequacy Assessment Process (ICAAP),
  - Guide to Supervisory Intervention,
  - Concentration Risk,
  - Interest Rate Risk in the Banking Book, among others.
12. To pave way for a seamless rollout of Pillar 2, the Bank issued the Risk Management Directive in November 2021 to ensure that banks put in place appropriate systems for identifying, measuring, evaluating, controlling, mitigating, and reporting material risks that may affect their ability to meet obligations to depositors and other stakeholders.



13. Ladies and Gentlemen, I am happy to announce that the BOG has successfully completed industry training on all seven (7) Ghana Sustainable Banking Principles. The training for Principle 1 and Principle 2 occurred in 2020 and 2022, respectively. In July 2023, the BOG completed industry training on the remaining principles, Principles 3-7, which was attended by Chief Risk Officers, Chief Compliance Officers and Sustainability Officers from the various banks. It is expected that this will lead to an improvement in industry reporting on the principles.
14. The Ghana Sustainable Banking Principles and the Sector Guidance Notes reflect a process-led initiative to take account of the environmental considerations, social inclusion, and good governance in the lending decision-making by banks in Ghana. It is also a guide to banks in mainstreaming the fundamental tenets of sustainability in business and operations, leading to enhanced growth and increased returns.
15. The issue of climate risk is increasingly becoming a material risk, especially for institutions exposed to vulnerable sectors of the economy. In this regard, the BOG is working on issuing a Climate-related Financial Risk Directive to provide guidance on addressing climate risk and related issues in the industry. These initiatives are aimed at building a robust financial system.
16. Distinguished Ladies and Gentlemen, the banking sector has shown some improvement with the half year performance, despite the significant losses posted in 2022. Looking ahead, banks are expected to rebuild capital buffers to support the economy. Let me take this opportunity to assure the public that the Bank will continue to monitor developments and ensure strict regulatory and ethical compliance in the banking sector to ensure stable and





resilient financial system, contributing significantly to the overall growth and development of the economy.

17. In concluding, let me recommend for your Executive Leadership Programme to consider addressing issues surrounding:

- Financial Crime,
- Cybersecurity,
- Role of Boards in Governance,
- Operational Resilience,
- Risk Management, and
- Senior Management Culture and Conduct Rules.

18. Finally, I would like to commend the CIB once again for providing thought leadership and training on relevant issues to support and promote ethical banking professionalism in Ghana. Going forward, the focus should be on consolidating the gains and sustaining confidence in the industry for economic growth. Congratulations again on the occasion of your 60<sup>th</sup> Anniversary celebrations and I wish you a successful launch.

Thank you.