



**GHANA ASSOCIATION OF BANKS (GAB)  
ANNUAL GENERAL MEETING**

**KEYNOTE ADDRESS**

**BY**

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**SEPTEMBER 19, 2024**



**President, Ghana Association of Banks**

**Governing Council Members of the Ghana Association of Banks**

**Chief Executive Officer, Ghana Association of Banks**

**Managing Directors of Banks**

**Management and Staff of Banks**

**Distinguished Invited Guests**

**Members of the Press**

**Ladies and Gentlemen**

1. Good morning, everyone. It is a great pleasure to join you once again for the 41<sup>st</sup> Annual General Meeting and the launch of the 4th Edition of the GH Bankers' Voice Magazine.
2. Ladies and Gentlemen, the GAB and its leadership have demonstrated resilience and enthusiasm in its advocacy role and deepened collaboration with the Bank of Ghana to address emerging issues and position the banking sector ahead of its peers within the sub-region.

#### **Overview of supervisory and regulatory developments**

3. Distinguished guests, let us cast our minds back to the period between 2017 – 2019 when the Bank undertook the unpleasant but needful banking sector cleanup. A process which resulted in the closure of some four hundred and twenty (420) institutions, including banks and non-bank financial institutions. The objective was to reform the banking sector to enhance its resilience and viability, while stimulating confidence in the financial system.
4. After the cleanup, the Bank embarked on a comprehensive policy reform agenda to strengthen the regulatory environment and align the banking sector operations with international standards. Also, to complement the reform efforts, the Bank rolled out several regulatory reforms in a bid to enhance the sector's Governance framework as well as its resilience to shocks.



5. Distinguished Ladies and Gentlemen, since 2018 to date, the Bank has issued more than 15 directives, including the Corporate Governance Directive, Capital Requirement Directive, Fit and Proper Persons Directive, Risk Management Directive, Cyber and Information Security Directive, Revised Dud Cheque Notice, and recently Guidance Notes on Banks' Recapitalization Plan. In the development of these directives, the Bank has benefitted enormously from the technical assistance provided by our stakeholders including the IMF.
6. Ladies and Gentlemen, it is important to note that the GAB was integral in the regulatory reform process and supported the different stages of developing the Directives that were issued. In most instances, the Directives were not issued without critical inputs and feedback from the GAB. The deepened collaboration between the Bank and GAB further improved the quality and relevance of the Directives issued in supporting the overall objective of promoting the safety and soundness of banks.
7. Ladies and Gentlemen, it is worth noting that our banking sector has remained resilient with strong capital and liquidity buffers, despite the global shocks from COVID-19 and geopolitical tensions in the past few years. Latest data from the sector indicates improved performance notwithstanding the impact of the Domestic Debt Exchange Programme (DDEP) on the balance sheet of banks.
8. In the first half of 2024, the banking sector performance pointed to continued recovery from the impact of the DDEP. Total banking sector assets grew by 33.3 percent to Gh¢323.1 billion at end-June 2024, relative to 21.2 percent growth at end-June 2023. Profitability, liquidity, and efficiency indicators also improved over the period. The Capital Adequacy Ratio (CAR), adjusted for reliefs, remained unchanged at 14.3 percent, between June 2023 and June 2024. Without reliefs, the CAR was reported at 10.6 percent in June 2024, higher than the 7.4 percent recorded in June 2023.
9. Despite improvements in the sector's performance, elevated credit risks pose threats to the recovery process. The industry's NPL ratio was 24.1 percent in June 2024, up from 18.7 percent in June 2023. The consistent rebound in profits, adherence to recapitalization plans,



and enforcement of strict credit underwriting standards are expected to help ensure that banks remain on the path to full recovery and resilience.

10. This enhanced performance of the banking sector, amid the obvious challenges, were made possible in part through the unrelenting partnership of GAB with the Bank, especially during the difficult DDEP process. It is my hope that this AGM offers a rare opportunity to reflect on the recent developments in the banking sector, strategize to consolidate the gains made, and aim to sustain confidence in the industry for economic growth.
11. Distinguished Ladies and Gentlemen, fraud prevention and detection remain at the heart of BOG's efforts at maintaining financial integrity and stability of the banking system. As you would notice from the latest 2023 Fraud Report published by the Bank of Ghana this week, while banks reported a total count of 969 fraud cases which shows a 17% drop from the count of 1,163 cases in 2022, there has been an increase in the monetary loss from fraud. The total loss value to banks with respect to fraud cases recorded an increase of 21% in 2023 to Gh¢63 million compared to Gh¢52 million in 2022.
12. More worrying is the increase in the number of staff involved in fraud. The number of staff involved in fraudulent activities in Banks and SDIs rose from 188 in 2022 to 274 in 2023, representing an increase of 46%. It further emerged that out of the 274 cases of fraud recorded involving staff in 2023, 211 (77%) were involved in cash theft (cash suppression), as compared to 140 (66%) staff involved in 2022. This means that while banks and SDIs are putting in place measures to detect and prevent fraud from outsiders, their own staff are increasingly perpetuating fraud.
13. The BOG is obviously concerned about this growing trend and mandates Banks and SDIs to strengthen their internal controls and enhance staff due diligence during recruitment, as well as reinforcing continuous in-house staff training on professional conduct.

### **Supervisory and Regulatory Outlook – now and Beyond**

14. Ladies and Gentlemen, at the 40<sup>th</sup> AGM last year, I mentioned that the Bank of Ghana remains committed to promoting a strong, stable, and viable banking industry to support



the country's growth agenda. While several policy measures have been implemented to achieve this objective, a lot remains to be done to promote a more resilient banking industry.

15. In February 2021, the Bank was admitted as a member of the Basel Consultative Group (BCG) in recognition of the continued efforts to enhance the enabling regulatory environment. Ghana therefore became one of the four countries, including Tunisia, Mauritius, and Nigeria to obtain BCG membership at that time. Over time, the Bank has actively participated and contributed significantly to BCG activities aimed at promoting supervisory cooperation and implementing supervisory standards by the Basel Committee on Banking Supervision (BCBS).
16. This achievement has further strengthened the Bank's commitment to promote the safety and soundness of the banking sector through effective regulation and supervision. In furtherance to this, the Bank continues to ensure the evolution of its regulatory reform roadmap to address:
  - the emerging risks in the financial system.
  - inputs from new and revised policy papers by international standard setting bodies such as the Basel Committee on Banking Supervision (BCBS).
  - concerns and suggestions raised by key stakeholders such as GAB; and
  - other external shocks to the Ghanaian financial system and economy.
17. Ladies and Gentlemen, this year, the Bank commenced a thematic review of banks' corporate governance practices to assess the effectiveness of their governance framework. The exercise is ongoing and aims at ensuring full compliance to regulatory requirements such as the Corporate Governance and Fit and Proper Persons directives. Plans are underway to conduct a thematic review of the viability and sustainability of banks' business models.
18. To further boost ESG initiatives, the Bank has published the Climate-Related Financial Risk and Outsourcing directives as exposure draft to solicit inputs and feedback from stakeholders, including the GAB. These Exposure Drafts are currently being finalised,



incorporating comments from the industry and will soon be published on the Bank's website.

19. Mr. President, the Bank's policy direction moving forward, includes the development and publication of the following policy papers which are at different stages of review and completion. The development phases of these policy papers are on schedule and expected to be completed by end-December 2025. They include the following:

- Large Exposure Directive.
- Concentration Risk Directive.
- Liquidity Directive.
- Related Parties and Intra-Group Directive.
- Bancassurance Directive.
- Stress Test Guidance Notes.
- Interest Rate Risk in the Banking Book Directive.
- Prudential Treatment of Sovereign Exposures Directive, which is novel, and the
- ICAAP and SREP Guidance.

20. Mr. President, I wish to restate that the Bank of Ghana will continue to rely on the partnership and invaluable service of the GAB and other stakeholders in the banking sector throughout the consultation and development stages of these all-important policy reform initiatives.

21. As regulators, we may have had some disagreements working together; however, the Association has overall been an effective and supportive stakeholder with the same goal as the central bank. And that is, to promote safety and soundness of the banking sector and stability of the financial system in general. A special appreciation therefore goes to the President, the Governing Council, the Chief Executive Officer and members of the Association for the invaluable service and cooperation with the regulator and other stakeholders in the banking sector.



## Conclusion

22. Distinguished Guests, to conclude, the banking sector's half year performance in 2024 showed strong growth in profits and liquidity, which indicates an improved performance over the preceding year. If this trend persists, we expect banks to rebuild capital buffers quickly and remain resilient to give a further boost to the economy. On this note, and on behalf of the Management and staff of the Bank and on my own behalf, let me congratulate the GAB on its 41<sup>st</sup> AGM and launch of the 4<sup>th</sup> Edition of the Bankers Voice Magazine. Thank you and May God bless us all.

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