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SPEECH BY
DR. JOHNSON P. ASIAMA
GOVERNOR, BANK OF GHANA,
AT THE MAIDEN HEADS OF BANKS MEETING IN 2025

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Governor Dr. Johnson Asiama

Good morning, colleagues.

Thank you for joining us again this morning, at this maiden post-MPC meeting with CEOs of banks. This is the first under my tenure as Governor and I am happy to interact with you all at the start of my journey. These engagements with you are central to ensuring a mutual understanding of policy direction and alignment in our collective efforts to foster macroeconomic stability and recovery.

As captains of industry, I want to acknowledge the journey that we all have travelled in recent years. The last few years especially, have tested the resilience of our financial system—from the banking sector clean-up to the Domestic Debt Exchange Program (DDEP). I do recognize that these events have had deep operational, financial, and reputational consequences for banks, and I want to commend you for the strength, professionalism, and commitment with which you have navigated these storms. Many of the fallouts could have been mitigated, had the clean-up been more balanced and consultative; and the DDEP, too, could perhaps have been avoided entirely with earlier coordination and foresight. We cannot change the past, but we can learn from it—and it is my intention to build forward with greater collaboration, trust, and accountability between the central bank and all of you.

Recent MPC Decision

Let me now turn to the policy decision taken by the Monetary Policy Committee at its most recent meeting, which was the 123rd. As you are all aware, the Committee by a majority decision, raised the policy rate by 100 basis points to 28.0 percent.

This decision is aimed at reinforcing the disinflation process, which, while underway, remains too gradual to secure lasting stability. The decline in headline inflation from 23.8 percent in December to 22.4 percent in March confirms that recent policy actions are having the intended effect. However, inflation expectations remain elevated, and core inflation is still above the medium-term target.

With private sector credit and broad money supply expanding, demand-side pressures could re-emerge without continued vigilance. The Committee therefore adopted a proactive stance—guided by recent experience that delayed tightening can result in more persistent inflation and costlier adjustments.

The policy rate increase also strengthens external buffers, supports the cedi, and signals our commitment to macroeconomic stability at a time of heightened global uncertainty.

However, we also recognize that the policy rate hike will affect borrowing costs for businesses and households. While the policy tightening will affect funding costs and credit pricing in the near term, the financial system is well-positioned to absorb these effects. We therefore urge banks to exercise prudence in adjusting lending rates and maintain transparent communication with clients. Viable businesses should continue to receive support, and tailored solutions should be explored to mitigate the impact on the most vulnerable sectors.

Outlook for the Banking Sector

Let me outline how the banking sector is positioned to support recovery and resilience.
Overall, we continue to witness broad-based improvement in financial stability, though we remain keenly aware that persistent challenges require our continued and focused efforts. The recent gains in macroeconomic stability following the DDEP, the improved profitability of banks amid the structural high liquidity and continuing recapitalization are improving the soundness in the banking sector. Even without reliefs, the Banking Sector Soundness Indicator (BSSI) showed sustained improvement on the back of improving solvency and asset quality measures amid strong liquidity and profitability.

The banking sector continues to experience strong asset growth, expanding by 34.05 percent year-on-year at end-February 2025—funded primarily by deposits, which also grew by 27.89 percent.

The industry remains solvent, recording a Capital Adequacy Ratio (CAR) of 14.35 percent, above the regulatory minimum of 10 percent, with most banks maintaining capital adequacy ratios above thresholds. Nonetheless, solvency concerns persist for a few domestically controlled and state-owned banks, where recapitalization efforts remain unclear. Addressing the capital shortfalls in these banks remains a priority. We are working closely with the affected institutions to achieve sustainable capital levels, restore depositor confidence and ensure compliance with regulatory requirements. Our supervisory engagement has intensified to assess the credibility of recapitalization strategies and to mitigate potential systemic implications.

Private sector credit is recovering, but credit risk remains elevated. Non-performing loans have risen, largely due to growth in legacy exposures. The NPL ratio stood at 22.57 percent at end-February 2025. Excluding the fully provisioned loss-category loans, the adjusted NPL ratio was 8.93 percent. This trend reflects ongoing deficiencies in credit risk management practices, including weak underwriting standards and inadequate provisioning. To address rising credit risks, we urge all banks to strengthen their risk management frameworks—improving underwriting, early warning systems, and provisioning practices. We expect tangible improvements in loan origination, monitoring, and credit review.

The financial landscape is evolving rapidly, with fintechs and non-traditional players introducing both opportunities and risks. While many operate under lighter regulatory regimes, banks must respond with innovation, agility, and a sharper focus on customer-centric services. We encourage strategic partnerships, digital transformation, and product innovation—while the Bank of Ghana deepens its engagement with non-bank financial service providers to ensure innovation thrives within a stable, well-supervised ecosystem that supports financial inclusion and protects consumers.

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As digitalization and financial interconnectedness deepen, new operational and systemic risks are emerging. While banks have made progress on cyber resilience, the evolving nature of fraud and financial crime demands continued vigilance. We urge all banks to strengthen internal controls and enhance oversight of operational areas to stem this trend. The responsibility for securing banking products and services must fall more squarely on institutions than on the average customer, who relies on the integrity of systems and due diligence.

The BOG's Information Security Office continues to share real-time threat alerts, and institutions are expected to act swiftly under the Cybersecurity Directive. We take cyber threats seriously and urge all financial institutions to match that level of commitment.

Let me also take advantage of this gathering to emphasize the need for unwavering vigilance and full compliance with AML obligations. As we enter the Third Round of mutual evaluation by GIABA next year, our collective goal must be a first-time success. History shows we've struggled in past rounds, and we cannot afford to be grey-listed again—especially given the outsized impact that reputational and financial penalties would have on the banking sector.
Lessons from past bank resolutions continue to shape our crisis preparedness. We are refining our supervisory and resolution tools—including work to strengthen recovery planning and introduce a Resolvability Assessment Framework—to ensure banks are both well-capitalized and resolvable in distress, especially in an increasingly interconnected system.

As we deepen reforms and reposition the financial sector for the future, it is equally important to reflect on how banks can do more to drive Ghana's economic transformation. One critical area is trade facilitation and regional integration. We expect stronger support—especially from foreign-owned banks—for trade finance, cross-border payment infrastructure, and platforms like PAPSS. The Bank will engage with the sector to develop coordinated, practical solutions that improve transaction efficiency, expand export support, and enhance Ghana's competitiveness in regional and global trade.

Forward-looking Supervision

Colleagues, to build true resilience, we must move decisively beyond traditional, reactive supervision toward a more forward-looking, risk-sensitive, and system-aware model. This shift is not just about enforcing compliance—it is about shaping a banking system that is agile, accountable, and prepared for the future. Our strategy is anchored in a few key areas:
The first, focus is on Risk Identification and Mitigation: We are enhancing our use of data analytics and early warning indicators to identify emerging risks—whether in asset quality, cybersecurity, fraud, liquidity, or systemic buildup of non-performing loans. For example, the 2024 Fraud Report revealed a 5 percent increase in fraud cases and a 13 percent rise in value at risk, reinforcing the urgency of stronger internal controls and oversight.

Secondly, we must build Digital Resilience: We welcome digital innovation, but it must be pursued with discipline and matched by robust cybersecurity, operational resilience, and governance. Banks must assume greater responsibility for the safety of their systems, product integrity, and customer protection. Accordingly, we expect banks to invest significantly in product security features, expand public financial education, and alert customers swiftly on emerging fraud typologies. Institutions are expected to act swiftly under our Cybersecurity Directive.

The third area of focus is Governance and Compliance: Sustainable banking requires strong governance at the core. Ethical lapses and weak internal controls are not isolated risks, they have systemic consequences. We are deepening our supervisory focus on board effectiveness, compliance culture, and accountability across all levels of institutions. Compulsory Basel III & IV Training for all Bank Directors to enhance regulatory knowledge and governance among bank directors, is under consideration.

Fourth area is Enhancing Collaboration: Effective regulation cannot be unidirectional. We are committed to an open, collaborative dialogue with banks and policymakers to ensure that regulatory responses are well-informed, proportionate, and responsive to the realities of the market. We must co-create solutions, not merely enforce rules.

Fifth, we must Build Capacity for Future Challenges: We recognize that the future will bring unfamiliar risks, AI in finance, climate shocks, geopolitical volatility. That is why we are investing in upskilling our supervisory teams to match the pace of innovation and complexity. This is about future-proofing our regulatory capabilities.

Lastly, we will Prioritize Sustainability Oversight: ESG and climate-related risks are now part of our onsite examinations. These are not peripheral issues, they directly influence credit risk, reputational exposure, and long-term viability. Our findings will shape supervisory expectations and help drive a transition toward more responsible, sustainability-conscious lending practices.

Colleagues, the era of backward-looking supervision is over. What lies ahead demands that we reframe our mindset, not just to comply with the present, but to shape the future. Resilience will depend not on avoiding risk altogether, but on managing it wisely, transparently, and in alignment with broader economic and environmental goals

Conclusion

Before I conclude, let me offer a broader reflection on the moment we are in, and the road ahead for our financial system.

Colleagues, financial institutions like yours are essential to Ghana's economic growth. You don't just allocate capital and manage risk—you directly impact lives: the smallholder farmer accessing a seasonal loan, the SME expanding operations, or the graduate opening their first bank account. The trust you build shapes livelihoods.

Despite the shocks of the financial sector clean-up and the DDEP, banks have shown resilience. While capital markets are still regaining traction, your efforts have been central to maintaining financial stability. I, once again, commend your dedication through these challenges.

But the landscape continues to shift—technology, evolving customer expectations, and

Governor Asiama with CEOs of Banks

regulatory demands require us to adapt boldly. Together, we must rebuild confidence and position the sector to support inclusive growth.

As we begin this next chapter, let us renew our shared commitment to a stable, inclusive, and innovative financial system. One that safeguards the most vulnerable, embraces responsible technology, and expands access across geography and income. Financial inclusion isn't just a goal—it's a necessity.

As regulators, the Bank of Ghana stands ready to support you—through policy, dialogue, and collaboration—to build a system that truly serves our people and supports long-term growth. Looking ahead, as we continue this path of recovery and reform, it is essential that our immediate actions—like the recent policy decision—remain anchored in a clear, long-term vision. At my swearing-in, I outlined six priorities: strengthening monetary policy, preserving exchange rate stability, deepening financial intermediation, advancing innovation and inclusion, improving coordination while safeguarding our independence, and restoring the Bank's equity position. These priorities will continue to guide our path—and with your partnership, I am confident we will deliver a stronger, more resilient, and inclusive financial system for all Ghanaians.

Thank you.