



BANK OF GHANA

**TRANSCRIPT OF THE MPC PRESS BRIEFING HELD ON
MAY 23, 2025, AT THE BANK SQUARE**

TRANSCRIPT OF THE MONETARY POLICY COMMITTEE
PRESS BRIEFING HELD ON FRIDAY, MAY 23, 2025

After the 124th Monetary Policy Committee (MPC) meetings, the MPC held a press briefing on Friday, May 23, 2025, led by the Governor, who is also the Chairman of the Committee. Following is the edited transcript of the questions posed by the Press and responses by the Governor. Full recording of the proceedings can be found on the Bank's website at www.bog.gov.gh.

***Questioner:** Governor, the cedi has shown notable appreciation in recent months, and we have all seen the data confirming this relative stability. However, consumers are increasingly concerned that this stability is yet to translate into lower prices in the market. Given that the core mandate of the Bank of Ghana is to ensure price stability through effective policy measures, the key question is: When should Ghanaians expect to see the impact of the cedi's appreciation reflected in market prices?*

Governor: Typically, price adjustments in response to currency appreciation take time. This is largely because businesses stocked goods at higher exchange rates and must sell their inventory before changing prices. Nevertheless, you can be assured that the price reductions will occur. In a competitive market, where no single player dominates, such price adjustments tend to happen naturally over time. So, as long as competition remains healthy, we should begin to see the effects of the cedi's appreciation reflected in market prices soon.

***Questioner:** Governor, could you share the Bank of Ghana's tentative target for building up the country's international reserves? We understand that reserves currently stand at over USD\$ 10 billion. Is there a specific threshold beyond which the Bank would shift focus from accumulation to utilising the reserves, for instance, as buffers for upcoming debt repayments, particularly those due from June [2025] onward?*

Governor: In terms of targets for international reserves, we typically operate with a floor rather than a ceiling. The standard benchmark we monitor is a minimum of three months of import cover, which is considered essential for maintaining external stability. At present, our reserves are well above that threshold. Are they excessive? Not at all. The current level strengthens our external resilience and provides a comfortable buffer to safeguard the economy should future shocks arise. So, while we do not have an upper limit for reserves, we are very mindful of not slipping below the minimum benchmark.

***Questioner:** Given that Ghana is expected to resume servicing some of its external debt obligations in about 18 months, what measures are being put in place to ensure that our international reserves remain at a sustainable level? Specifically, how is the Bank of Ghana planning to manage its international reserve levels to ensure they remain sufficiently robust at the time external debt servicing resumes, while also maintaining overall stability and resilience in the external sector?*

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Governor: It is important to note that Ghana is already servicing portions of its external debt—this is not something that will start 18 months ahead. We operate with a comprehensive cash flow framework that accounts for all expected inflows and outflows over the medium term. This includes not just debt repayments, but also other international obligations, such as dividend payments and various external commitments. All of these are carefully programmed and closely monitored. So, there is no cause for concern—we have a clear strategy in place. Based on our projections, the current level of international reserves is more than adequate to meet these obligations while maintaining external stability.

Questioner: Governor, beyond consumer expectations, there's growing public interest in the sustainability of the cedi's recent appreciation. Given the measures implemented so far, how sustainable is this trend in your view? And are there additional policy tools or interventions the Bank of Ghana is prepared to deploy should conditions change going forward?

Governor: The recent appreciation of the cedi must be viewed in the right context. While nominal stability is important, what matters most is avoiding sustained currency overvaluation, which could undermine Ghana's external competitiveness. The MPC has carefully assessed the trends, and at this point, we do not see any signs of excessive real exchange rate overvaluation. The cedi appreciation is largely market-driven and reflects the strength of our economic fundamentals, including tight monetary policy, improved investor confidence, and strong external sector performance, with high inflows from cocoa, gold, remittances, all of which are supporting the cedi. We operate a managed floating exchange rate regime, so some fluctuation within reasonable bounds is expected. The objective is to maintain exchange rate stability—not to target a specific rate or encourage persistent real appreciation. Stability, not rigidity, is what ensures long-term resilience and competitiveness.

Questioner: Governor, while you've indicated that the Bank of Ghana does not target a specific exchange rate for the cedi, we are approaching the end of the first half of the year, and naturally, there's growing public interest in where the currency might be headed. Many Ghanaians are closely watching the cedi's performance—some even predicting it could appreciate to below 10 cedis to the dollar by the end of June. Given this, is there a reference point or internal projection the Bank is monitoring as we approach mid-year?

Governor: As I mentioned earlier, the Bank does not set a specific target for the exchange rate. The cedi is an endogenous variable, meaning its value is influenced by broader economic fundamentals. While we aim to avoid excessive volatility, we do not operate with a fixed exchange rate target. We are aware of the various speculations and figures circulating in the public domain, but it is important to note that none of these are from the Bank. Our focus is to moderate volatility in the exchange rate movements.

Questioner: Governor, considering the current tight monetary policy stance, how is the Bank of Ghana evaluating the trade-off between maintaining price stability and supporting private sector credit growth, particularly given that the real sector recovery remains fragile and access to credit is still considered a constraint?

Governor: Price stability remains the core mandate of the Bank, and the MPC takes that responsibility very seriously. In our recent assessment of the inflation outlook, we are confident that we are on track to meet our end-of-year inflation target of around 12%. Furthermore, we anticipate returning to the medium-term target band of $8 \pm 2\%$ by the end of the first quarter of next year, earlier than previously projected. While pursuing the primary mandate, the Committee is also mindful of supporting private sector credit growth, especially as the real sector continues to recover. One key indicator is the downward trend in the Ghana Reference Rate – published by the Ghana Association of Banks – which signals a potential easing in lending rates, needed to unlock credit to the private sector and drive broader economic growth.

***Questioner:** Governor, I'm not certain which specific data the Committee relied on in forming its inflation outlook, but there's growing public sentiment suggesting that we may be heading toward single-digit inflation sooner than expected. With recent developments—such as anticipated reductions in utility tariffs and a projected 15% drop in transport fares—some analysts believe we could reach the single-digit range before the end of the year. What is the Committee's view on this possibility?*

Governor: We are projecting inflation at around 12% by year-end—more precisely, approximately 11.9%. So, while it is just shy of single digits, it reflects strong progress toward the target.

***Questioner:** Governor, a review of the Bank's Data Pack shows a significant increase in the total public debt stock between December 2024 and March 2025. Can you provide some clarity on the main drivers of this jump? Was it primarily due to exchange rate movements, increased borrowing through treasury bills, or other factors?*

Governor: Those figures are compiled by the fiscal authorities—specifically, the Ministry of Finance. To provide you with accurate and detailed context, I would prefer a one-on-one discussion after the press conference. That way, I can walk you through the specifics more clearly.

***Questioner:** Governor, the Ghana Association of Bankers has recently hinted at the potential reintroduction of the Electronic Transaction Levy, citing the rapid growth in digital financial transactions both locally and globally. From a policy and regulatory standpoint, particularly as the regulator of commercial banks, can you provide any insight into whether a return of the e-levy is under consideration or discussion at the national level?*

Governor: Matters related to the e-levy fall under the fiscal authorities, so the Ministry of Finance would be best positioned to speak to any potential reintroduction. That said, from a policy standpoint, we recognise that the removal of the e-levy will further support innovation and enhance financial inclusion. In that regard, we view the decision to revise or remove the levy as a positive step, and we support measures that promote broader access to digital financial services.

Questioner: Governor, regarding the Gold for Reserves and Gold for Oil initiatives, can you clarify how the Gold for Oil programme has influenced the performance of the cedi and whether it has had any impact, positive or otherwise on the Gold-for-Reserves strategy?

Governor: As I mentioned during the last MPC press briefing, the review of the Bank's participation in the Gold for Oil Programme has been completed, and the Ministry of Energy has established a Committee to assess the future direction of the programme. For now, I can confirm that the Bank of Ghana's participation in the Gold for Oil Programme has been effectively suspended. However, the broader Gold Purchase Programme remains fully operational and continues to run smoothly. Any updates on the future structure or direction of the Gold for Oil initiative will be communicated by the Ministry of Energy in due course.

Questioner: Governor, I'm particularly interested in the Bank's position on charges applied to transfers between mobile money wallets and bank accounts, and vice versa. One might have expected that with the removal of the E-Levy, some of these charges would be addressed. This is especially relevant given that, between March and April, total deposits in the banking sector declined from GHS 294 billion to GHS 289 billion. From the Bank's perspective, what factors are contributing to this decline in deposits, and are there any plans to review or regulate the charges associated with wallet-to-bank and bank-to-wallet transfers?

Governor: While we cannot definitively conclude that these charges are systemic or directly responsible for the observed decline in deposits between March and April, we are aware of concerns raised regarding specific practices. One bank has been cited concerning this issue, and we are currently investigating the matter. Should the institution be found in breach of regulatory standards, appropriate sanctions will be applied per our supervisory framework.

Questioner: Governor, my question relates to the end-of-year inflation target. With the current inflation rate at 21.2%, and the Bank projecting a decline to 11.9% by year-end, some may view this as overly ambitious. What gives the Bank such confidence in achieving this target? Is there a specific set of measures or assumptions driving this outlook?

Governor: We continue to target an end-of-year inflation rate of approximately 12%, and current trends suggest we are well-positioned to meet this objective. The sustained tight monetary policy stance and appreciation of the cedi is reinforcing the disinflation process. Although food inflation posed a challenge to the outlook during the last MPC round, we are encouraged by the fiscal measures outlined in the Finance Minister's budget to address the constraints. Provided these measures are effectively implemented and no unforeseen shocks occur, we remain confident in achieving both the year-end inflation target and the medium-term objective by the end of the first quarter next year.

Questioner: Governor, could you share your perspective on the recent quarterly tariff adjustment and its potential impact on our ability to meet the end-of-year inflation target of 12%?

Governor: Utility tariffs are significantly influenced by exchange rate movements. When the local currency appreciates, it tends to reduce the cost components of tariffs, which can lead to lower utility prices. Given the recent gains in the exchange rate, we anticipate a downward adjustment in tariffs. This development will provide an added boost to the disinflation efforts and contribute positively toward achieving the end-of-year inflation target.

***Questioner:** Governor, what is driving the recent sharp appreciation of the cedi, and how is the Central Bank responding to it?*

Governor: One key factor influencing the cedi's recent appreciation is market expectations, which play a significant role in Ghana's currency dynamics. We do not view the current movement as excessive—it is largely market-driven. The Bank is not actively using reserves to engineer this appreciation, instead, the strong foreign exchange inflows, reserve accumulation, and improving economic fundamentals are supporting the currency. Expectations are also being re-anchored, which is contributing to the cedi's performance. We recognise that traditionally, some Ghanaians hold wealth in U.S. dollars, so the current trend may reflect a shift in sentiment and behaviour. While we are encouraged by these developments, we remain vigilant, and the Bank's MPC stands ready to act when necessary. But, at this point, we believe the cedi's movements, both in nominal and real terms, are aligned with the macroeconomic fundamentals.

***Questioner:** In February 2025, it was announced that the Q4 2024 remittance figures were undergoing an audit, though the reasons were not clearly stated at the time. Could you provide an update on the progress of that audit?*

Governor: As previously announced, we initiated an audit of the Q4 2024 remittance figures. A dedicated team is currently working on it, but the report has not yet been finalised. We want to assure you that the process is actively underway and remains a priority.

***Questioner:** Looking at the trend in gold reserve accumulation, it appears that most of the buildup typically occurs in the latter part of the year, with relatively modest additions in the first quarter or early months. Do you expect this pattern to continue in 2025? Additionally, is the Bank considering increasing its international reserves through the Gold for Reserves programme?*

Governor: As I mentioned earlier, we are continuously building up international reserves, which is a key strategy for strengthening external resilience. It is important to note that when we talk about reserves, we are referring not only to gold holdings but to the broader composition of international reserves. So yes, we will continue with the reserves accumulation programme, including initiatives like the Gold for Reserve programme.

***Questioner:** Governor, during the 123rd MPC press briefing, I asked about the situation regarding Société Générale Ghana, and at the time, you indicated that the sale process was ongoing. Could you kindly provide an update on the current status of that transaction?*

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Governor: As I mentioned during the last MPC press briefing, the sale of Société Générale Ghana is ongoing, and the Bank is not a party to the transaction. Our role is to ensure that due diligence is conducted and any agreement between the parties involved meets the regulatory requirements. At this stage, we are awaiting formal communication from the parties once they reach an agreement. On receipt of the agreement, the Bank will carry out the necessary assessments and, if all conditions are met, issue a no-objection. Since the last MPC meeting, we have not received any further updates, so the process remains active and under observation.

***Questioner:** Some analysts have suggested that the country could explore alternative financing options on the global market, particularly Islamic Finance, which emphasises profit-sharing over interest payments. Given that other countries are already leveraging this model, how soon could Ghana realistically access Islamic financing as part of its broader debt management strategy?*

Governor: I am glad you brought up Islamic Finance. As we mentioned at the start of the MPC meeting, Professor John Gatsi has joined us specifically to help drive Islamic Finance in Ghana. We already have some internal capacity – staff who understand the principles and operational requirements – and we recognise that a few critical steps need to be taken to actualise the concept. For instance, the current legal framework, the Banks and Specialised Deposit-Taking Institutions Act, 2016 Act 930 does make provisions for Islamic banking. However, there are gaps, such as the absence of a Shariah Supervisory Board and other governance structures necessary for full implementation. Professor Gatsi and his team are working to address these gaps to ensure we can operationalise Islamic Finance effectively. It is important to note that Islamic Finance goes beyond just banking—it includes a broader range of financial instruments and services. Once the necessary structures are in place, we will be in the position to consider licensing institutions to operate as Islamic banks in Ghana.

***Questioner:** At the last MPC press briefing, I inquired about the release of the Bank of Ghana's Annual Report, and we were informed it would be available in April. However, it still hasn't been published on the website. Could you provide an update on its status or when we can expect it to be released?*

Governor: The report is ready and currently undergoing final internal reviews. You can expect it to be published on our website. Rest assured; the financial statements will be released shortly.

***Questioner:** Governor, do you have any indication of when Ghana is expected to receive the next tranche of IMF funding? Additionally, what impact do you anticipate this disbursement will have on the country's international reserves and, by extension, the performance of the local currency?*

Governor: As you are aware, IMF disbursements are made following approval by the Fund's Executive Board. We anticipate the next Board meeting to take place in early July, at which point we expect to receive approximately US\$360 million. In addition, the World Bank is also expected to release a disbursement around the same period. These inflows will contribute to further strengthen the international reserves, likely in the early part of July.

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Questioner: *Given the impact of the Domestic Debt Exchange Programme on the banking sector, could you provide an update on the progress of the recapitalisation efforts and whether banks are on track to meet the December 2025 target?*

Governor: As you are aware, the Domestic Debt Exchange Programme (DDEP), along with other factors, had a significant impact on several banks, and the recovery progress toward restoring stability is ongoing. The government is actively working on a comprehensive recapitalisation programme, with continued discussions among key stakeholders. We are optimistic that by December 2025, substantial progress would have been made, with most banks expected to meet the recapitalisation targets. The Bank continues to monitor the process closely to ensure the resilience and soundness of the banking sector.

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