POST-MONETARY POLICY COMMITTEE MEETING WITH HEADS OF BANKS

THEME:

TRANSLATING MACROECONOMIC GAINS INTO SUSTAINABLE BANKING SECTOR GROWTH

OPENING REMARKS

BY

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Distinguished CEOs and Representatives,
Colleagues in the banking industry,

Before we begin, I would like to invite us all to pause for a minute of silence in honour of the two Cabinet Ministers and six other distinguished Ghanaians who tragically lost their lives in the recent helicopter crash. Their service to our nation and the legacies they leave behind deserve our deepest respect.

— *[Observe a minute of silence]* —

It is always a pleasure to engage with you, our key partners in safeguarding and shaping the future of Ghana's financial system. Your leadership, adaptability, and commitment have been instrumental in maintaining sector stability and fostering the trust of the public we collectively serve.

This post-MPC engagement is more than a routine touchpoint; it is a strategic platform for us to exchange perspectives, align on policy directions, and chart the next phase of our sector's evolution. It is here that we translate monetary policy signals into actionable banking strategies, ensuring that the macroeconomic gains we secure at the policy table are reinforced and multiplied through your balance sheets, lending decisions, and innovation agendas.

Recap of Macroeconomic and MPC Outcomes

The July MPC deliberations took place against a complex and evolving global backdrop. The **IMF projects global growth to slow to 3.0% in 2025**, from 3.3% in 2024, reflecting persistent trade tensions, moderated disinflation, and tighter financial conditions. For emerging markets like ours, this environment demands vigilance, agility, and a clear-eyed strategy to mitigate external shocks while leveraging domestic strengths.

On the **domestic front**, the story is one of resilience and momentum:

- **Growth**: Our economy expanded by **5.3% in Q1 2025** (non-oil GDP at **6.8%**), powered by robust agricultural output and a buoyant services sector.

- **Activity levels**: The **Composite Index of Economic Activity (CIEA)** posted a strong **4.4% year-on-year growth** in May, signalling sustained dynamism in consumption, trade, construction, and tourism.
- **Confidence**: Business and consumer confidence has strengthened, buoyed by easing inflationary pressures and a stable cedi. These sentiments are critical, they shape investment decisions, credit demand, and the willingness of households and firms to take calculated risks for growth.

Inflation has maintained its decisive downward trajectory, falling further to **12.1%** in July 2025, from **13.7%** in June, marking the lowest level in nearly four years. Inflation expectations remain firmly anchored across households, businesses, and the financial sector. This is more than a statistical achievement; it reflects the tangible restoration of purchasing power for households, greater certainty for business planning and investment, and a more favourable risk environment for banks to expand credit prudently.

Fiscal consolidation has also been noteworthy. The deficit stood at **0.7% of GDP** in the first half, well below the target of 1.8%. This discipline, coupled with reduced borrowing, has contributed to lowering the public debt-to-GDP ratio and enhancing fiscal credibility.

On the **external front**, Ghana's buffers are stronger than they have been in years:

- **Gross International Reserves** reached **US$11.1 billion** (4.8 months of import cover) by end-June 2025.
- The cedi has appreciated **over 40% against the US dollar** year-to-date, a performance unmatched in recent memory. This stability is not just a macro headline; it underpins predictable pricing, investment planning, and the attractiveness of Ghana as a financial hub.

Considering these developments, the **MPC lowered the policy rate by 300 basis points to 25.0%**. This signals a gradual shift from a purely defensive monetary stance toward one that cautiously supports growth, provided disinflation remains on track. There is scope for further easing if macroeconomic conditions continue to improve. For the banking sector, this opens a window to re-examine lending strategies, broaden access to credit, and support private sector-led growth, while still managing risks prudently.

Banking Sector Health

Colleagues, the banking sector remains a cornerstone of Ghana's economic stability. The latest supervisory data confirms that the sector is well-capitalized, liquid, and profitable. We have seen a steady decline in non-performing loan (NPL) ratios, reflecting both the improving macroeconomic environment and the enhanced credit underwriting standards you have implemented in recent years.

The recapitalization journey, driven by both retained earnings and new capital injections has reinforced balance sheet resilience. This positions the sector to absorb shocks and seize new growth opportunities.

But with this resilience comes responsibility. Our monetary policy stance has begun to shift toward supporting growth, and it is critical that banks align by stimulating credit to the private sector, particularly to productive areas of the economy. This must be done with prudent risk management, ensuring that credit expansion does not compromise the quality of your loan books. The challenge is to grow lending while preserving the hard-earned stability that now defines our financial system.

Regulatory and Compliance Agenda

The Bank of Ghana will soon implement a consolidated set of measures designed to strengthen resilience, enhance transparency, and align our banking system with the highest international standards. This agenda addresses both the forward-looking reforms that will future-proof the sector and the immediate corrective actions needed to close existing compliance gaps.

We will begin with credit and risk governance. All banks will be required to identify and take firm action against deliberate defaulters to ensure that credit obligations are honoured. A new Credit Risk Management Directive, aligned with Basel principles, will set minimum standards for underwriting, monitoring, and provisioning. Alongside this, we will introduce a Bancassurance Directive to strengthen governance in bancassurance arrangements, a Large Exposures Directive to limit concentration risk, and new guidelines on credit concentration to encourage greater diversification across loan portfolios.

On liquidity and capital resilience, the forthcoming Liquidity Risk Management Directive will mandate that banks hold sufficient High-Quality Liquid Assets to cover 30-day stress scenarios. This measure will also close loopholes that have allowed the artificial reduction of reserve requirements, including the misclassification of deposits as borrowings, and will clarify the treatment of e-money float accounts. We will also introduce a framework for managing interest rate risk in the banking book, strengthen capital planning through the Internal Capital Adequacy Assessment Process, and embed more robust stress testing to ensure early detection of vulnerabilities.

In the area of market conduct and foreign exchange compliance, we are tightening enforcement of the Foreign Exchange Act and the Guidelines for Inward Remittance Services. This means there will be no use of unapproved channels for remittance terminations, no FX swaps within remittance operations, no remittance terminations without Bank of Ghana approval, and no application of unprescribed FX rates. Effective immediately, all banks and payment service providers must submit weekly inward remittance reports detailing transactions and FX credits to Nostro accounts. Failure to do so will attract sanctions under the Payment Systems and Services Act and the Banks and Specialised Deposit-Taking Institutions Act. At the same time, we will engage the Ghana Association of Banks in a structured discussion on proposals relating to NOP support, FX forward auctions, remittance coordination, and market liquidity, with the aim of agreeing on practical, market-friendly solutions.

Finally, we will be undertaking a strategic business model thematic review. This will involve a forward-looking assessment of the sustainability of banks' strategies, and this will require the full engagement of boards and senior management.

Together, these measures form a single, coherent regulatory framework that not only enforces compliance with existing rules but also positions Ghana's banking sector to withstand future shocks, compete globally, and play a stronger role in supporting sustainable economic growth

The road ahead is one of opportunity matched with responsibility.

- We have a stable macroeconomic base, inflation is easing, the currency is strong, and reserves are healthy.

- The banking sector is robust, with the capacity to expand lending and deepen financial inclusion.
- The regulatory agenda is forward leaning, aligning Ghana with the highest international standards.

Your task, as leaders of the sector, is to translate stability into growth, to channel more credit into productive enterprises, support SMEs, finance critical infrastructure, and leverage digital innovations to reach underserved markets.

This will require sound risk governance, unwavering compliance, and a willingness to rethink business models considering changing customer needs, technological disruption, and climate and sustainability challenges.

At the Bank of Ghana, we are committed to engaging with you constructively, providing clear regulatory guidance, and supporting innovations that enhance the resilience and competitiveness of Ghana's financial system.

Closing

Let us approach today's discussions not as a checklist of compliance items, but as a strategic conversation about the future of banking in Ghana. The MPC decisions give us an opening to shift from defence to growth, from consolidation to expansion, without losing sight of the lessons learned over the past years.

The stability we enjoy today was hard-won. It is now our joint responsibility to ensure it is not only preserved but leveraged for sustainable and inclusive prosperity.

I look forward to a frank and solutions-oriented engagement this morning. Together, we can ensure that Ghana's banking sector remains a pillar of confidence, innovation, and economic transformation.

Thank you.