



BANK OF GHANA

**TRANSCRIPT OF THE 126th MPC PRESS BRIEFING HELD ON
17 SEPTEMBER 2025, AT THE BANK SQUARE**

PUBLIC

**TRANSCRIPT OF THE MONETARY POLICY COMMITTEE
PRESS BRIEFING HELD ON WEDNESDAY, 17 SEPTEMBER 2025**

On Wednesday, 17 September 2025, the Monetary Policy Committee (MPC) held a press briefing following its 126th meeting. The session was chaired by the Governor, who also serves as the Chairman of the Committee. Below is the edited transcript featuring questions from the press and the responses provided by the Governor.

The full briefing recording is available on the Bank of Ghana's website: www.bog.gov.gh.

Questioner: *What is the Bank's stance on regulatory forbearance for commercial banks, given that the existing relief measures are due to expire at the end of this year? I understand that some state-owned banks are expected to undergo recapitalisation next year, and a few commercial banks face challenges related to capital adequacy. Considering these circumstances, is the Bank of Ghana considering an extension of regulatory forbearance into next year to accommodate these institutions?*

Governor: As you know, we gave them up to the end of December 2025 [on the recapitalisation plans]. While we haven't reached that point yet, we intend to reassess the entire framework when the time comes. Our decisions will be guided by existing conditions and the overarching goal of maintaining financial stability. Rest assured, our commitment to safeguarding the stability of the financial system remains firm, and we will continue to uphold it with diligence.

Questioner: *We noticed a slight drop in FX reserves in July. Can you give some context or reasons behind this drop and whether the euro bond debt service obligation in July contributed to the observed marginal decline?*

Governor: First, it is important to situate the issue in the right context. A simple trend analysis of our reserve levels over the past six to seven years clearly indicates the observed marginal decline in July was more of a temporary dip, reflecting short-term fluctuations over the last two to three months. Before this, we witnessed a surge in reserve accumulation. It is also important to note that during the reference period, we made several large payments, including settlements to Independent Power Producers (IPPs), bondholders, and sovereign bondholders. These outflows were both necessary and expected. Hence, while a short-term dip may appear concerning, the general trend of our reserves remains upwards. I entreat you to examine the longer-term trend instead of focusing solely on the very recent data points. The broader picture reflects resilience and strong recovery, and therefore, there is little cause for alarm.

Questioner: What is the latest update regarding the progress on *non-interest banking and finance*? Given that we are now in the fourth quarter, should we expect the framework to be launched by the end of the year?

Governor: Professor [John] Gatsi and his team have made commendable progress. We have conducted several sensitisation programmes, and the process is nearing completion. I understand that a proposal is being prepared for submission to Parliament, which will pave the way for the implementation phase. Regarding the possibility of licensing institutions by the end of the year, we are sparing no effort to meet the timeline. That said, as you may be aware, Parliament is currently in recess and is due to reconvene in October. Upon their return, we will engage with them to expedite the process as far as possible. Our commitment to this initiative remains unwavering, and we are pressing on to ensure its success.

Questioner: Recently, the President of the Republic indicated that the cedi is being allowed to adjust to its true market value. At the same time, we have observed that the Bank of Ghana has scaled back its direct interventions in the foreign exchange market. Could this signal the much-clamoured coordination between the fiscal and monetary authorities? While this is necessary and commendable, many businesses continue to report challenges in accessing foreign currency through the formal banking channels, leaving them with no choice but to resort to the parallel market. What measures is the Bank of Ghana pursuing to ensure the parallel market does not become a major source of supply of foreign currency for businesses?

Governor: Indeed, that is factual. Ghana operates under a managed floating exchange rate regime, not a fixed or pegged exchange rate regime. The floating exchange rate framework allows exchange rate flexibility, which is particularly useful in helping the economy absorb external shocks without depleting international reserves to defend the currency. The managed float system remains firmly in place and has not changed. Consequently, fluctuations in the cedi against major international currencies are expected and reflect the dynamics of various short-, medium-, and long-term economic variables.

Regarding access to foreign exchange, I would like to clarify that, as of yesterday [16 September 2025], there were no unmet dollar demands from commercial banks. The head of our Financial Markets Department can attest to this. We have consistently supported the market, and commercial banks also engage in interbank trading to meet import financing needs. If there are isolated cases of difficulty, they are likely due to documentation or procedural issues, which should be addressed on a case-by-case basis. Generally, the

formal banking system continues to play a central role in foreign exchange distribution, and we remain committed to ensuring its effectiveness.

Questioner: *The President of the Republic recently disclosed that certain entities acquired foreign exchange for import purposes, yet the expected goods never arrived in the country. Is the Bank of Ghana investigating these cases? Could you provide further clarity on the nature and scope of this issue?*

Governor: Yes, His Excellency was clear in his remarks, and he also emphasised that investigations into the matter are currently underway. A dedicated committee has been constituted to investigate the issue, and I believe it is important not to pre-empt their findings. Once the committee completes its work, the Minister of Finance will communicate the outcomes to the public. Until then, I would prefer not to speculate. We should allow the committee to complete its mandate and present its findings in due course.

Questioner: *Governor, based on the Bank's published economic data, Ghana currently maintains a strong reserve position. However, market reactions appear muted despite these fundamentals. Could you throw more light on why the market is not responding more positively?*

Additionally, regarding developments over the past three months, would you attribute the cedi's performance to seasonal factors or a broader market correction?

In your recent remarks during the pre-MPC session, you highlighted the contribution of cocoa and gold exports in strengthening the international reserve position. Some market watchers, however, see this dependence as potentially precarious, particularly given the volatility of commodity prices on the international markets. What measures is the Bank pursuing to ensure that adverse commodity price movements do not erode the strong reserve levels? Lastly, could you provide an update on the status of the gold-hedging programme that was previously announced?

Governor: Yes, we are on course with the gold hedging programme. These initiatives require extensive technical discussions and careful calibration. We have gone through those phases and are now in the final stages. I am confident that the risk management framework will be finalised soon.

You asked why the market hasn't responded more positively to the strong economic data. That's a point I consistently emphasise. The economic and financial data released yesterday [16 September 2025] clearly reflect the strength of the economy. If you examine our reserve position, not just over the past few months, but over the last seven years, you will notice a consistent upward trend. A temporary movement should not be mistaken for foreign

exchange market instability. The economic fundamentals remain strong amid the observed blip.

For the last quarter of the year, we anticipate a further strengthening of our reserve position, supported by improved foreign exchange inflows. This outlook is underpinned by higher foreign exchange proceeds from cocoa and gold exports as well as improved remittance inflows. The recent foreign exchange measures we introduced are beginning to yield results, evident in the resumption in inflows and sustained reserve accumulation. Interbank trading is also returning, supported by the Bank's revision of the Net Open Position limits for banks, a major step to enhance liquidity in the forex market.

For the last quarter of the year, we anticipate a further strengthening of our reserve position, supported by improved foreign exchange inflows. This outlook is underpinned by higher foreign exchange proceeds from cocoa and gold exports, as well as improved remittance inflows. All these measures are intended to stabilise the cedi and manage volatility, even in the context of a lower monetary policy rate. I encourage the media and stakeholders to engage with our published economic and financial data, which provides a clear picture of the economy and the exchange rate outlook. As of yesterday [16 September 2025], every import-related foreign exchange request submitted by the 23 commercial banks was met. We have consistently met these demands over the past several weeks. We have a strong cash flow framework in place and sufficient reserves to support upcoming import needs, including those associated with the fourth quarter and the festive season. Hence, there is no basis for anxiety regarding the exchange rate currently.

Questioner: *Please update us on the launch of the regulatory framework for virtual assets.*

Governor: Yes, we have done a lot of work on the Bill [Virtual Assets Service Providers Bill]. The Bill is ready. It's now at the Attorney General's Department. In fact, from Friday [19 September 2025], we are meeting the Finance Committee of Parliament to take them through that Bill. We really want to pass the Bill before the end of this year. Yes, we have fulfilled our part by drafting the necessary framework. The next step lies with Parliament to deliberate and advance it through the legislative process. We remain on course and confident that the process will be concluded in due time.

Questioner: *Governor, last month, the central bank issued a Notice to banks asking them not to supply forex to large corporations until they met a certain deposit rule. I would like to know whether this is a temporary crisis management tool, or it is a long-term forex restructuring tool. And I would like*

to know how you are monitoring this to ensure that forex trading is not done through informal channels.

Governor: At present, this is a permanent measure. Our decision was informed by observations of certain practices among large corporates, where substantial foreign exchange cash withdrawals, despite not being operationally necessary, were being diverted for unintended uses. Following consultations with the banking sector, the Bank agreed to suspend direct foreign exchange cash withdrawals for these entities. Having said that, it is important to clarify that if the foreign exchange was deposited in cash by the corporates themselves, they retain full access to those funds without restriction or charge, as it constitutes their own resources.

Questioner: *To what extent did the Monetary Policy Committee consider the stability of the cedi in this decision? We have seen slight volatility in the currency recently, and some analysts have attributed this to the previous cut in the policy rate. Could you elaborate on how the stability of the domestic currency was considered in shaping the Committee's outlook and the final decision to further cut the policy rate?*

Governor: Absolutely. As indicated in the Monetary Policy Committee's statement, exchange rate stability was a key consideration in our decision-making process. Despite the cut in the policy rate, we have maintained a strong sterilisation effort to ensure that the monetary policy stance remained appropriate. For instance, the previous rate cut of 300 basis points was accompanied by strong liquidity management, which helped mitigate any adverse impact on the market. This same approach is being applied with the current 350 basis points cut decision. We do not anticipate a weakening of the cedi as a result. Moreover, we are entering the cocoa season, and we are already seeing a rebound in gold export volumes and remittance inflows. These factors, combined with the recent foreign exchange measures, such as the revision of Net Open Position limits for banks, are expected to support interbank market activity and help maintain exchange rate stability. In essence, the fundamentals are strong, and we have the necessary tools and inflows to sustain stability in the cedi going forward.

Questioner: *Inflation for August was 11.5%. I want to find out what this means for your outlook for the year, considering that it is lower than your end-of-year target of 11.9%. Consequently, are you going to review your outlook for the year?*

Governor: Yes, we remain confident, barring any unforeseen shocks, that end-of-year inflation will fall within the target band. Regarding a revision of the end-year target, no such decision has been made at this point. Our

primary focus is to achieve and maintain the medium-term inflation target. Accordingly, the end-year projection remains unchanged.

Questioner: *With regards to remittances, are there any unusual developments or deviations from expected trends? While we appreciate that fluctuations are typical throughout the year, some market watchers have suggested a possible link to the recent strong appreciation of the cedi. Based on your assessment of the data, is there anything unusual or concerning about current trends in remittances that warrants attention?*

Governor: Yes, the banks have confirmed a noticeable decline in remittance inflows. Previously, these inflows played a significant role in supporting import financing, which in turn facilitated active interbank trading. During that period, the central bank's intervention in the market was minimal. However, with the recent reduction in inflows, the dynamics have shifted.

We are actively addressing this issue. About a month ago, we introduced a series of measures aimed at restoring remittance inflows, and we are beginning to see positive results. Some Money Transfer Operators (MTOs) have started rerouting flows back into the country, which is encouraging. Our objective remains to strengthen interbank market activity and enhance liquidity.

Looking ahead, we remain optimistic that our annual remittance targets will be met. While the earlier appreciation of the cedi may have influenced inflows to some extent, the key point is that we have taken proactive steps to reverse the trend and ensure that remittances continue to support the broader economy.

Questioner: *Recently, nine institutions were sanctioned for multiple violations of the inward remittance guidelines. As members of the media, we have received numerous inquiries seeking clarity on the specific nature of these infractions. Could you shed more light on what exactly these institutions did to breach the guidelines? Industry stakeholders are also seeking guidance to ensure they remain compliant and avoid similar sanctions. A clearer understanding of the violations would be very helpful.*

Governor: The infractions committed were varied and significant. One of the key breaches involved the diversion of foreign exchange inflows. Funds, such as US dollars and British pounds, sent by members of the diaspora, are expected to be credited into the nostro accounts of local banks, thereby supporting the domestic foreign exchange market. However, we observed that some institutions were engaging in “offshoring”, redirecting these funds for purposes outside the intended framework.

Additionally, some institutions applied exchange rates that were not approved by the Bank of Ghana, which constitutes a clear violation of regulatory guidelines. Others failed to meet the required settlement timelines, exceeding the permissible duration for remittance processing.

These breaches undermine the integrity and efficiency of the foreign exchange market. It's important to note that all licensed institutions operate under clearly defined rules, and compliance is non-negotiable. Where violations occur, sanctions are necessary to restore order and ensure accountability.

We believe the measures taken so far are having the intended impact, and we are preparing to introduce further reforms to enhance transparency and efficiency in the foreign exchange market. Our commitment to maintaining discipline in the system remains firm.

Questioner: *There's a case circulating where an individual reportedly sent \$10,000 to a local bank and requested a third party to withdraw the funds. The bank, however, permitted only a \$1,000 withdrawal and offered the cedi equivalent for the remaining amount. The individual expressed frustration, raising concerns about access to foreign currency, despite broader efforts to stabilise the economy and channel foreign exchange through formal systems. This situation highlights a broader issue raised by traders, who often resort to the parallel market for foreign exchange due to the complexity and documentation requirements associated with accessing foreign exchange through banks. Given the steps the central bank has taken over the years to curb black market activity, are there plans to engage more directly with trader groups or streamline processes to improve access and compliance? If we are to succeed in reducing reliance on the informal market, a more inclusive and coordinated approach may be necessary. Are there ongoing or upcoming initiatives aimed at addressing these concerns?*

Governor: To clarify, the directive restricting foreign exchange cash withdrawals applies specifically to large corporates, such as Bulk Distribution Companies (BDCs) and not to individuals. Individuals remain at liberty to access their foreign exchange holdings, subject to standard banking procedures. It's important to understand that when foreign exchange is sent into the country, the physical cash does not automatically arrive in Ghana. For banks to provide physical foreign currency, they must import it, which involves logistics, insurance, and handling costs. Therefore, when a customer insists on receiving physical dollars instead of the cedi equivalent, the bank must recover the cost of importing that cash, hence the commission charged.

Similarly, when banks request physical foreign exchange from the central bank without having deposited the cash themselves, we apply a 5% charge to offset the cost of importation. These charges are not punitive; they are

necessary to maintain operational efficiency and cost recovery. Customers always have the option to receive the cedi equivalent at the prevailing exchange rate without incurring additional charges. Choosing to receive physical foreign currency is akin to opting for a more expensive imported product over a local alternative. It is a matter of personal choice, but it comes with associated costs.

Regarding the informal market, while it may offer fewer documentation requirements, it also carries significant risks, including potential financial losses. We understand the concerns of traders and have engaged with groups such as the Ghana Union of Traders Association (GUTA) to better understand their challenges. Together with the Ministry of Finance, we are working to address these issues gradually.

While it may not be possible to eliminate the parallel market entirely, our goal is to ensure it operates only at the margins for small, personal transactions and not as a primary source of foreign exchange. We remain committed to restoring order and efficiency in the foreign exchange market and are confident that we will achieve the desired outcomes in due course.

Questioner: *Apart from the upcoming utility adjustment, what other risks has the BoG identified which will affect the end-of-year inflation projection?*

Governor: We highlighted several key risks in the policy statement I just delivered. Notably, exchange rate dynamics remain a significant driver of inflation. If pressures on the cedi are not contained, they could pose upside risks to the inflation outlook. Other potential risks include possible adjustments in utility tariffs, among others. While the extent of their impact is yet to be fully determined, these factors were carefully evaluated by the Committee. On balance, the Committee assessed that the overall risk profile is tilted more to the downside. Consequently, we expect the disinflation process to persist in the near term.

Questioner: *There appears to be a growing concern around speculative activity in the foreign exchange market, which seems to be contributing to recent movements in the cedi. From the Bank's perspective, are there any measures being considered or implemented to address this speculation and help stabilise the currency?*

Governor: On our part, we remain fully committed to ensuring exchange rate stability. It is important to clarify that stability does not imply a fixed rate, such as 10.0 or 10.5 but rather a functioning system that allows for natural fluctuations within a managed framework. These movements are often a reflection of the currency adjusting to external shocks, which is a necessary part of maintaining macroeconomic balance.

Attempting to suppress such adjustments artificially could result in the unnecessary depletion of foreign reserves. Therefore, temporary fluctuations should not be a cause for alarm. The current exchange rate regime is operating as intended, and we continue to monitor developments closely to ensure that volatility remains contained.

Questioner: *Regarding the enforcement of the ban on pricing and trading in foreign currency, how effective has the Bank of Ghana been in ensuring compliance? Additionally, if a member of the public becomes aware of an individual or institution engaging in such practices, what is the appropriate channel for reporting the violation?*

Governor: This is fundamentally a matter of law. The Foreign Exchange Act of 2006 clearly stipulates that the Ghanaian cedi is the sole legal tender for all transactions within the country. Therefore, unless an individual or entity has received explicit authorisation from the Bank of Ghana to quote prices or issue invoices in foreign currency, such practices are prohibited.

If someone is found pricing or trading in foreign currency without the necessary authorisation, it constitutes a legal offence and is subject to prosecution. The courts are empowered to apply the relevant sanctions as outlined in the Act. While certain licensed entities, such as specific agents or companies may be permitted to quote in foreign currency under strict regulatory guidelines, this is done in accordance with formal approval from the Bank of Ghana. For all others, transactions must be conducted in cedis.

If you become aware of any unauthorised pricing or trading in foreign currency, you are encouraged to report the matter to the Bank of Ghana. Such reports will be investigated thoroughly. It is important to treat these violations with the same seriousness as any other offence under the law.

Questioner: *There appears to be a growing cultural attachment to holding foreign currency, particularly the US dollar, which is often viewed with a sense of prestige. When this is juxtaposed with the operations of licensed forex bureaus that legally provide physical foreign currency, it raises questions about the effectiveness of efforts to curb parallel market activity. Given the continued presence of forex operators and the public's preference for holding physical dollars, how does the Bank of Ghana intend to address this behavioural pattern and strengthen its fight against the parallel market?*

Governor: We are not fighting the black market per se, but rather, we are approaching the issue from first principles. We have acknowledged the need for comprehensive reforms in the foreign exchange market, and that is precisely what we are undertaking. The goal is to create a more efficient and

transparent system that reduces the incentive to engage with the parallel market.

The Ministry of Finance is also playing a critical role in this effort. As His Excellency the President rightly pointed out, there have been instances of abuse, where funds are transferred out of the country without corresponding imports. The data confirms this, and we are working to address it. A key part of the solution lies in improving visibility and coordination among regulators. Once that visibility is fully established, it will become increasingly difficult for individuals to use informal channels for trade-related transfers. For example, when goods arrive, the Ghana Revenue Authority (GRA) will require proof of payment. If that payment was made through the black market, the importer may struggle to provide legitimate documentation.

We are making progress. We aim to encourage a return to the formal banking system for forex needs, and we are actively supporting importers who transact through licensed banks. As of yesterday [16 September 2025], all foreign exchange requests submitted by the 23 commercial banks were fully met. This has been consistent over the past several weeks. We remain committed to ensuring that the foreign exchange market operates efficiently and transparently, and we are confident that the reforms underway will yield lasting results.

Questioner: *Given the recent rebound in cocoa earnings and production, has COCOBOD been able to settle any of its deferred contracts from the 2023/2024 season? There have been reports on this, but I would appreciate accurate and up-to-date information from the Bank.*

Governor: I believe it would be appropriate to first direct that question to the CEO [Chief Executive Officer] of COCOBOD. That said, based on available information, my understanding is that the outstanding forward output contracts from the 2023/2024 crop season are expected to be fully settled by the end of this year.

END.