



BANK OF GHANA

MICROFINANCE SECTOR REFORM FREQUENTLY ASKED QUESTIONS

DECEMBER 2025

The Bank of Ghana has initiated reforms in the Microfinance and Specialised Deposit-Taking Institutions (SDIs) sector to restore discipline, strengthen supervision, and safeguard depositors. These measures reflect the sector's critical role in promoting financial inclusion and supporting local economic activity.

The objective is to stabilise the industry, raise operational standards, and rebuild public confidence in institutions that serve the most vulnerable segments of the economy. As part of this effort, the Bank has introduced a comprehensive Microfinance Sector Reform Strategy designed to address longstanding structural weaknesses and reposition the sector as a credible pillar of inclusive finance.

In this publication, we present some of the frequently asked questions that emerged during stakeholder engagements.

QUESTION 1

What is the purpose of this reform?

Answer: *To rebuild trust, deepen financial inclusion, enhance local participation, and create a stable microfinance system that supports economic growth and development.*

QUESTION 2

What are the key lessons that informed this reform?

Answer:

- a. *Align institutional form with risk profile and market segment*
- b. *Enhance local participation and ownership*
- c. *Reduce fragmentation*
- d. *Centralise critical services to improve efficiency and oversight*
- e. *Strengthen monetary, fiscal, and financial inclusion policy transmission*

QUESTION 3

What institutional categories will be created under the reform?

Answer: *The architecture establishes four distinct but complementary institutional categories, supported by a restructured Apex Bank as a sector-wide intermediary. These are;*

- a. Microfinance Banks
- b. Community Banks
- c. Credit Unions
- d. Last Mile Providers

QUESTION 4

What is a Community Bank and how is it different from a Rural/ Community Bank?

Answer: Community Banks (CBs) represent a remodelling of the traditional rural banking sector into a modern, future-oriented institutional model. They are designed to integrate both rural and urban communities into the national economy. The sector's unique community ownership, governance, and banking practices will be retained to ensure indigenous populations participate not only as customers but also as owners, decision-makers, and practitioners. In line with this, urban communities may also organise to establish new CBs. CBs will drive local deposit mobilisation to provide credit and reinvest profits into their members and communities.

QUESTION 5

Which existing Institutions will be categorised as Microfinance Banks?

Answer: Existing Savings and Loans Companies, Finance Houses, Microfinance Companies, and Micro-Credit Companies are eligible for relicensing as Microfinance Banks (MFBs), contingent upon meeting the revised requirements.

QUESTION 6

What is a Microfinance Bank and how is it different from a Microfinance Company?

Answer: MFBs will serve as the sector's commercial wing, targeting MSMEs and middle-to-high-income individuals. Given their market-facing orientation and exposure to elevated risks, MFBs will be subject to enhanced regulatory and supervisory standards, including capital, governance, operational and risk management requirements.

QUESTION 7

What is new about Credit Unions under new framework?

Answer: The Bank will commence supervision of larger Credit Unions (CUs), based on total member savings thresholds, and apply tailored prudential requirements in line with global practice. CUs will

continue to operate on cooperative principles and be encouraged to promote savings and credit among work-based, community-based, and faith-based groups. The threshold approach will incentivise smaller cooperatives to improve performance towards central bank supervision.

QUESTION 8

What are Last Mile Providers and their roles?

Answer: Last Mile Providers (LMPs) consist of FNGOs, Cooperative Susu collectors, Microcredit Enterprises, Village Savings and Loans Associations (VSLAs), Rotating Savings and Credit Association (ROSCAs) and smaller credit unions. The LMPs will serve informal, underserved, and hard-to-reach populations. They will be organised under umbrella bodies and supervised through delegated arrangements for a light touch regulatory approach, while ensuring responsible practices and consumer protection.

QUESTION 9

How does the reform affect depositor's funds?

Answer: Depositors' funds remain protected, the reform is designed to strengthen safeguards and improve confidence across the sector by ensuring that institutions are strong, resilient, well capitalised and well managed.

QUESTION 10

What exactly will Apex Bank's role be under the reform?

Answer: Apex Bank will act as a strategic policy tool with a dual mandate:

- Serve as a sector-wide financial intermediary offering centralised services such as clearing, settlement, liquidity support, reserve management, and fund pooling.
- Act as a market developer, supporting institutional restructuring and capacity building, deployment of critical industry infrastructure, facilitating microfinance policy deployments and sector stability.

QUESTION 11

What is the difference between ARB Apex Bank and the 'new' Apex Bank?

Answer: The mandate of Apex Bank will be expanded to serve all the Microfinance sector institutions instead of only Rural and Community Banks.

The ARB Apex Bank, over the years, has benefited from broad institutional support from the Bank of Ghana, the Ministry of Finance, and development partners. It will remain a critical anchor to be leveraged for the entire microfinance sector. Accordingly, its governance and operations are to be remodelled into a strategic, sector-wide intermediary. The new Apex arrangement will enhance the consolidation of support, centralised service delivery, compliance enforcement, and the effective transmission of monetary, fiscal, and development finance policies across the microfinance ecosystem in support of evolving national priorities.

QUESTION 12

How will governance and technology capacity of the institutions be strengthened to ensure that consolidation does not result in slow or inefficient service delivery?

Answer: *As part of the reform process, the technical capacity of the Apex Bank will be strengthened to deliver key centralised banking services and thereby improve service delivery to all institutions. In addition, governance frameworks, risk management structures, and internal banking management information systems will be enhanced across all institutions.*

QUESTION 13

What lessons from past reforms including the banking sector clean-up should guide this process?

Answer: *Our objectives and approach to the Microfinance Institution (MFI) sector reform differs from the banking sector clean-up undertaken in the past. Nevertheless, the reform will be underpinned by extensive stakeholder engagement, robust data management, and timely responsiveness by institutions to ensure compliance with the reform requirements.*

QUESTION 14

What happens to institutions that cannot meet minimum capital requirements?

Answer: *Institutions that cannot meet the new minimum capital requirements will have the option to go into mergers or partnerships, transfer liabilities backed by assets and / or funds to another institution, voluntarily wind up, go through the resolution process or have license revoked.*

QUESTION 15

How is this reform different from the banking sector clean-up?

Answer: *The reform will be underpinned by extensive stakeholder engagement, robust data management, and timely responsiveness by institutions to ensure compliance with the reform requirements.*

QUESTION 16

How is the new framework different from the 2011 Microfinance Framework?

Answer: *The new microfinance framework establishes a coherent structural arrangement that clearly delineates business models, balances depth and breadth for financial inclusion, and provides a strategic institutional anchor for sector resilience.*

QUESTION 17

To what extent are stakeholders involved in this process?

Answer: *Stakeholder consultations with MFIs, consumer groups, academia and development partners are essential to ensure the policy is practical and inclusive. Accordingly, all key stakeholders have been involved in the national microfinance policy formulation and engagements are still ongoing and will continue throughout the reform process.*

QUESTION 18

How will this reform create jobs?

Answer: *By strengthening institutions, supporting small businesses, and expanding access to credit, more economic activity and jobs will be created.*

QUESTION 19

Will customers lose their savings during the reform?

Answer: *Deposits will remain safe and will be held by stronger, better capitalised and well-managed institutions.*

QUESTION 20

What problems exist in the current microfinance sector that the reform seeks to address?

Answer: *While some institutions have made important contributions to financial inclusion, the sector as a whole faces challenges that limit its full potential. These include fragmentation, weak capital bases, poor governance, high interest rates, and mission drift. The reforms will address these challenges.*

ENDS

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