



BANK OF GHANA

BI-MONTHLY PUBLICATION OF QUESTIONS FROM THE MEDIA

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The Bank regularly receives questions from the media and stakeholders on issues related to its work. Here, we publish questions from the media and the Bank's responses to deepen transparency and understanding of its work.

QUESTION 1

Governor, you have announced a joint policy workshop with the Ministry of Finance and GoldBod to refine the Domestic Gold Purchase Programme (DGPP), in line with global best practice. Given the reported trading losses under the programme and concerns about its current burden on the Bank's balance sheet, can you clarify what specific structural changes are being considered, particularly around risk-sharing, pricing mechanisms, and financing, and how responsibilities will be reallocated so that the sustainability of the DGPP does not continue to rest disproportionately on the central bank?

Response: *After four years of implementing the DGPP, the Bank has developed a comprehensive understanding of its operational bottlenecks, especially the component dealing with Dore gold purchases from the artisanal and small-scale miners. The joint policy workshop seeks to engage all stakeholders in the optimisation of the programme's efficiency. The revised framework will delineate stakeholder roles and responsibilities clearly, promoting fair cost distribution. This structure will maximise the strategic use of gold to strengthen national reserves and drive sustainable economic growth, while minimising fiscal and environmental burdens.*

QUESTION 2

Governor, with headline inflation easing sharply to 5.4% in December 2025, does the Bank consider the current disinflation momentum strong enough to justify further policy rate cuts without jeopardising price stability?

Response: *Inflation has declined sharply and sustainably—from 23.8 percent in December 2024 to 5.4 percent in December 2025—reflecting tight monetary conditions, improved fiscal coordination under the IMF programme, easing food supply pressures, and well-anchored inflation expectations. With headline inflation now firmly below the lower bound of the medium-term target, real policy rates remain highly restrictive. This provides space for additional rate cuts while still maintaining a sufficiently tight policy stance to safeguard price stability.*

The appreciation of the cedi in 2025 was supported by tight monetary stance, fiscal discipline, strong reserve buffers, and improved market confidence. As the Bank continues with its policy vigilance during the easing cycle and reserve build-up, we expect to maintain the earlier gains. We note that the scheduled exit from the IMF programme later this year and the uncertainties in the global environment could influence capital flows and exchange rate dynamics.

2a. Question: Does the Committee see scope for additional easing?

Response: *Against the above backdrop, the Bank's policy strategy emphasises caution and vigilance.*

2b. Question: Following the record appreciation of the cedi in 2025, how is the Bank evaluating the risk of possible currency depreciation in 2026?

Response: *The Bank of Ghana operates a managed-float exchange rate regime and does not target a specific exchange rate level. Under this framework, the cedi is allowed to adjust in line with market fundamentals, reflecting both upward and downward pressures. The Bank continuously monitors foreign exchange market developments, including global markets trends, to assess risks to exchange rate stability.*

Where necessary, appropriate policy tools are deployed to smoothen excessive volatility and ensure orderly market conditions. The overarching objective remains to maintain currency stability that supports confidence and effective planning by market participants, and within this context, the outlook for the cedi remains broadly stable.

QUESTION 3

Governor, how are the commercial banks responding to the easing policy stance in terms of lending and cost of lending to the private sector?

Response: *The monetary policy stance is translated directly to lending rate through the Ghana Reference Rate (GRR). The reduction in the Monetary Policy Rate (MPR) has reflected in the GRR as regularly published by the Bank of Ghana thereby lowering interest rates on credit.*

Banks are positively responding to the easing policy stance. Data from the Bank of Ghana suggests that a decrease in the MPR from 27% (January 2025) to 21.50% (October 2025) led to a decline in the average lending rate over the period from 30.07% (January 2025) to 22.22% (October 2025).

QUESTION 4

What is the update on the banks that need recapitalisation?

Response: *As at December 2025, two banks remained undercapitalised. Some commitments have been made to ensure that the two banks receive the necessary capital as soon as possible.*

For UMB, the recapitalisation plans have been extended to end-March 2026 to enable other key shareholders like SSNIT and SIC to make good the proposed capital injections. Discussions are ongoing between the Bank of Ghana on one hand and SSNIT, SIC and GAT on the other hand.

For PBL, in line with the Overarching Restructuring Strategy and Plan developed by the Government, BoG and PBL, the Government intends to close the bank's capital gap.

QUESTION 5

The Financial Investment Trust (FIT) is the majority shareholder in ADB bank, and the FIT is wholly controlled by the Bank of Ghana, which therefore makes the BoG the largest shareholder in ADB. The government in its 2026 budget said it would recapitalise ADB. What does this mean for the shareholding structure of ADB? Is BoG offloading its shares to the government?

Response: *The Government of Ghana remains the majority shareholder of ADB [with a shareholding of 88.16% [BOG: 9.66%].*

QUESTION 6

How does the Bank assess the trade-off between policy effectiveness and interest expense, especially in a disinflationary environment?

Response: *At the Bank of Ghana, the assessment of policy effectiveness versus interest expense is guided by the principle that price stability takes precedence over cost considerations. Interest expense is viewed as an unavoidable cost of policy implementation rather than a binding constraint. The Bank's primary focus is on anchoring inflation expectations in a manner that builds confidence in the real sector and supports macroeconomic stability.*

In this regard, the key constraint is credibility, not accounting losses. The Bank remains focused on maintaining policy solvency and delivering on its mandate of price stability. Indeed, the consistent pursuit of these objectives has been instrumental in fostering the disinflationary environment currently being observed.

QUESTION 7

What is the macroprudential rationale for maintaining the tiered CRR based on loan-to-deposit ratios?

Response: *The primary objective of this approach is to balance financial stability with economic growth, by encouraging lending to the real sector. The macroeconomic rationale is to manage systemic liquidity and inflation. This is a useful macroeconomic tool aimed at ensuring a balanced and efficient allocation of credit.*

- Incentivise banks to expand lending, thereby supporting economic recovery and reducing overdependence on government securities.
- Address structurally low Loan-to-Deposit-Ratios (LDRs) that weaken credit intermediation.
- Improve liquidity buffers which serve as guarantee for deposits in times of credit contraction.

QUESTION 8

How does the Bank respond to concerns that selective enforcement of CRR tiering creates an uneven playing field among banks?

Response: *The Bank of Ghana is not engaged in selective enforcement of CRR tiering. It is a model or framework that states that banks with lower LDRs are required to provide more reserves, and vice versa. Hence, the bank's directive to a bank to increase its reserves will be based on its LDR.*

QUESTION 9

With some banks facing capitalisation issues, do you think Ghana needs more banks doing the same things or bigger banks are able to handle big ticket projects?

Response: *The Bank of Ghana currently operates a universal banking concept, where banks, based on their business model and strategic focus, are free to offer a wide range of services – commercial banking, investment banking, merchant banking etc – rather than being classified into tiers based on the nature of their operations. While bigger banks can handle big ticket transactions, all things being equal, the capital issues banks face are essentially a function of their risk-taking activities vis-a-vis the robustness of their risk management practices, rather than the level of capital.*

QUESTION 10

The Bank now absorbs roughly half of excess liquidity through remunerated instruments. How does this affect the cost of monetary policy implementation and the BoG's balance sheet?

Response: *The Bank of Ghana employs a range of instruments to manage excess liquidity, each with distinct cost and transmission implications. While non-remunerated instruments reduce direct interest costs, they can indirectly raise lending rates as banks pass on the associated costs to the private sector. Accordingly, the Bank seeks an appropriate balance between remunerated and non-remunerated OMO instruments to contain the overall cost of liquidity management without unduly tightening credit conditions.*

Regarding the impact on the Bank's balance sheet, the interest expense associated with remunerated liquidity absorption is viewed as a necessary cost of policy implementation and does not constrain the pursuit of price stability, which remains the Bank's primary mandate.

QUESTION 11

How does the MPC balance the need to control inflation with the need to support economic growth?

Response: *The MPC balances inflation control and supporting growth by pursuing a calibrated, data-dependent forward-looking policy approach. With inflation having declined sharply and sustainably, the Committee recognises that real policy rates remain highly restrictive, creating scope to ease policy in a way that supports economic activity. At the same time, easing is being implemented cautiously to avoid undermining price stability or reversing recent disinflation gains.*

QUESTION 12

What factors are influencing the current exchange rate dynamics, and how might these impact monetary policy decisions?

Response: *The current exchange rate dynamics are influenced by a combination of domestic and external factors:*

1. *Domestic Policy Credibility - Tight monetary conditions and improved fiscal discipline under the IMF programme have strengthened market confidence, supporting the cedi.*
2. *Strong reserve buffers - High reserve buffers supported by the domestic gold purchase programme, stronger export performance and moderated import demand have supported the currency.*
3. *Market Sentiments - Anchored inflation expectations and a stable macroeconomic environment have reduced volatility and supported orderly exchange rate movements.*

These factors collectively explain why the cedi has remained strong. For monetary policy decisions, this underlines the importance of monitoring liquidity and market conditions closely: while the cedi's strength helps contain imported inflation, the Bank must remain vigilant to ensure that exchange rate developments continue to support overall macroeconomic stability.

Current exchange rate developments are being driven largely by strong demand, in line with established seasonal patterns. Market intelligence suggests that part of this demand has been front-loaded, reflecting relatively attractive exchange rate conditions at the beginning of the year. These pressures are assessed to be temporary and are being managed in an orderly manner. As such, they are not expected to pose significant passthrough risks to inflation.

QUESTION 13

When should Ghanaians expect the issuance of the first license of Non-Interest Banking and Finance?

Response: *The Guideline for the regulation and supervision of Non-Interest Banking in Ghana was published on 13th January 2026. The Bank of Ghana is expecting application from interested banks and investors. Investors have started checking with the Bank, to be sure of the procedures for application. Some banks are now presenting the need to roll out Non-Interest Banking products to their Boards for consideration.*

QUESTION 14

With regards to the Microfinance Institutions' reforms, what is the main trigger for the reforms, and what will be the minimum capital requirements for the various tiers?

Response: While the microfinance sector has expanded access to finance at various points, its overall contribution has been constrained by prolonged performance challenges. Between 2017 and 2024, the sector's share of banking system assets declined from about 15 percent to 8 percent. This decline is not merely a financial outcome; it reflects a reduced contribution to financial inclusion and development, as well as an erosion of confidence in the sector. The sector is plagued by persistent fragmentation, weak capital bases, governance deficiencies, operational inefficiencies, high and often indiscriminate interest rates, and widespread mission drift. These weaknesses are particularly concerning given the deposit-taking nature of the business. The time is therefore ripe for proactive and deliberate measures to change course and reverse these trends.

Minimum Capital:

- Microfinance Bank (MFB): GHS 50 million for existing institutions transitioning & GHS100 million for new entrants.
- Community Bank (CB): GHS 5 million for existing RCBs and Community Banks; GHS10 million for new urban CB.
- Credit Unions (CUs): The Bank of Ghana will supervise credit unions with total assets equal or above GHS60 million.
- Last Mile Providers (LPM): The detailed capital requirements would be provided through the development of the handbook that will guide their operations.

QUESTION 15

Governor, will the Bank change its medium-term inflation target band given the current level of inflation? Is there a level of inflation that the Bank thinks is optimal for the economy?

Response: Although inflation has slowed and briefly moved below the lower bound, this development is recent. The MPC considers it prudent to monitor inflation trends for longer to allow the economy to adjust to a low inflation regime before initiating any discussion on adjusting the target.

The current target band remains appropriate and continues to provide a credible anchor for inflation expectations. Recent analytical work by the Bank indicates that the target of 8 ± 2 percent remains well within the economy's optimal inflation threshold. The Bank's immediate priority is to consolidate recent gains in price stability and ensure inflation remains sustainably within the target range. Given that inflation has only been within the target for a few months, discussions around changing the target are premature and would require sustained evidence and a comprehensive macroeconomic assessment.

QUESTION 16

What is the Bank's outlook on gold prices?

Response: *Gold prices are broadly projected to remain bullish in 2026. While most international analysts expect gold to trade above \$5,000 per fine ounce in 2026, the Bank of Ghana conservatively projects an average of \$4,500 per fine ounce, particularly given the World Bank's US\$3,575 per fine ounce projection. Gold prices will remain supported by rising safe-haven demand from investors amid geopolitical and geoeconomic tensions, continued central bank purchases, and expectations of further US Fed rate cuts.*

QUESTION 17

What does the Bank think of the current level of the exchange rate? Is the cedi too strong in the bank's estimation?

Response: *The Bank views the current level of the exchange rate as broadly consistent with underlying macroeconomic fundamentals. The recent strength of the cedi reflects improved policy credibility, tight monetary and fiscal coordination, strengthened external buffers, and improved market confidence, rather than misalignment.*

That said, the Bank does not target a specific exchange rate level and does not assess the currency in terms of being "too strong" or "too weak." Instead, the focus is on maintaining orderly market conditions and avoiding excessive volatility that could undermine inflation and financial stability.

QUESTION 18

Governor, is the Bank considering specialised banks under a more dynamic regulatory regime to channel targeted medium-to-long-term funding to key sectors of the Ghanaian economy? If so, which sectors and what would the framework look like?"

Response: *The Development Finance Institutions Act, 2020 (Act 1032) is already in place for this market segment. The Bank of Ghana currently regulates and supervises a Development Finance Institution (DFI), - Development Bank Ghana - which provides medium-to-long-term loans to critical sectors of the economy, such as, Agribusiness, Manufacturing, Information & Communication Technology and High-Value Services. DBG also supports Small and Medium Enterprises (SMEs).*

QUESTION 19

Governor, is the BoG gold coin now in direct competition with the GoldBod gold tablet? What are the differences in the investment propositions for each, and why are the two institutions not collaborating to market one of the two investment products?

Response: BoG's initiatives are policy-driven and aimed at specific macroeconomic objectives. The Ghana Gold Coin (GGC) was introduced as a policy-backed store of value, designed to deepen financial markets and provide an alternative to traditional asset classes, such as fixed income, equities, and foreign currency holdings. Unlike the GoldBod gold tablet, which is marketed with a commercial focus, the GGC is not positioned in direct competition but rather serves a distinct policy purpose. The absence of collaboration reflects the different mandates of the two institutions: BoG's role is to pursue financial stability and policy innovation.

QUESTION 20

Governor, the IMF's Fifth Review attributes the US\$214 million losses under the Gold-for-Reserves programme to trading shortfalls and off-taker fees borne by the Bank of Ghana and not GoldBod or licensed buyers. Given the Chamber of Licensed Gold Buyers (CLGB)'s call for clearer risk-sharing and for GoldBod to operate as a self-financing commercial entity with zero reliance on BoG funding, when will the Bank formally redefine who bears market, pricing, and timing risks under the Gold for Reserves programme, and what concrete safeguards will be introduced to insulate monetary policy and the BoG balance sheet from commodity trading losses going forward?

Response: BoG, in collaboration with the Ministry of Finance and GoldBod, is currently in a joint policy engagement to optimise and reform the operational framework of the DGPP. The outcome of this engagement, including the redefined responsibilities and safeguards, will be formally communicated upon completion.

QUESTION 21

Governor, the IMF notes that four banks, including a state-owned one, remain severely undercapitalised due to unmet capital commitments, high NPLs, and incomplete impairment recognition; with one state bank's position having recently deteriorated. Beyond the NIB intervention already announced, can you clearly outline which institutions still pose systemic risk, and how the Bank of Ghana will ensure that any further public support is strictly limited, and does not result in permanent state control of commercial banks?

Response: Presently, only two banks remain undercapitalised. Plans and discussions have been made between us, the Ministry of Finance and the existing shareholders of these banks on the way forward, and these discussions have remained mainly positive. Both banks do not pose systemic risk to the financial stability of the country.

It is expected that by the end of the second quarter of 2026, these two banks would be fully recapitalised.

QUESTION 22

Governor, the IMF's 5th Review states that losses on the ASM doré component of the Gold-for-Reserves programme reached US\$214 million by end-Q3 2025, driven mainly by trading losses and what it calls 'off-taker fees', while the Bank's statement describes reported losses as 'speculative' pending audit. Can you reconcile these two positions for the public by answering three points clearly:

- Does the Bank's internal management reporting show a loss figure of this magnitude on G4R/DGPP transactions for 2025 to date—yes or no?
- If no, what is the Bank's current estimate, and why does it differ from the IMF's?
- In simple terms, where exactly do the losses arise in the transaction chain—purchase price/bonuses, doré export discount, hedging/timing, and fees/discounts, and who bears each component (BoG vs GoldBod)?

Response: The Bank is in the process of finalising its end-of-year financial position. To complement this exercise, a series of audits have been commissioned to provide a thorough and accurate assessment. As previously indicated, the Bank will issue a comprehensive response on the matter once this process is completed.

QUESTION 23

According to the Government, the year 2026 will see a boom in infrastructural development, especially roads. That means more money in the system. How do you intend to control inflation?

Response: The Bank recognises that a scale-up in infrastructure spending can increase liquidity and demand pressures in the economy. However, the inflationary impact will depend critically on how this spending is financed, paced, and absorbed by the economy.

To manage potential inflation risks, the Bank will continue to deploy a prudent and forward-looking monetary policy stance. While recent disinflation has created room for calibrated easing, policy remains sufficiently restrictive, and the MPC stands will continue to monitor developments and take appropriate measures to ensure that inflation remains within target.

In addition, close coordination with fiscal authorities—particularly around the timing and financing of infrastructure projects—will be essential to ensure that the planned public spending does not undermine macroeconomic stability.

The Bank will also actively manage liquidity through its open market operations and other policy tools to sterilize excess liquidity where necessary. **ENDS**