



BANK OF GHANA

TRANSCRIPT OF THE MONETARY POLICY COMMITTEE PRESS BRIEFING HELD ON WEDNESDAY, 28 JANUARY 2022

On Wednesday, 28 January 2022, the Monetary Policy Committee (MPC) held a press briefing following its 128th meeting. The session was chaired by Governor Dr. Johnson Asiamah, Chairman of the Committee. Below is the edited transcript of questions from the press and the responses provided by the Governor. The full recording is available on the Bank's website: www.bog.gov.gh

QUESTION 1

Governor, what are the Bank's planned policies for making sure that this good foreign exchange position [international reserves] that Ghana has now goes into restructuring of our production processes to improve local value, rather than just import of more consumables?

Response: *What we have is a market-based system and we auction foreign exchange (FX) to the banks. Based on the documentation, your bank will undertake the transfer for you [when importing goods]. Now, when we look at the balance of payments data, it suggests that intermediate goods imports are holding very strongly, and so that is encouraging. But yes, I agree with you. We should be moving from consumption imports towards intermediate and capital goods imports. But as to whether we should be targeting these from our end, I am not sure.*

However, the data show that consumer goods imports are lower than intermediate goods imports. If you need more information on this, the Bank's Director of Research is available to provide further clarifications after the press conference.

QUESTION 2

Governor, I have observed that the Bank is shifting towards supporting growth in the real sector. What is the Bank's policy for liquidity in the economy as measured by M2+, that is, money supply growth, which was kept tight last year to combat inflation? Are you not worried that there would be a situation where, if you ease liquidity to support growth, it will not feed into cheaper credits for cheaper forex?

Response: *If you observed, throughout the MPC statement, we kept talking about tight monetary policy conditions. We started easing the policy rate last year and sterilising at the same time. If you look at the data in terms of sterilisation costs, you will observe that we did not lose the anchor, even as we were easing. That will continue to be our policy stance—we need that relatively tight stance to hold and protect the gains. But that said, we must also support real sector growth. And it is encouraging; we are beginning to see banks moving towards lending to the private sector. We are seeing some reduction when it comes to lending to the public sector. This is encouraging because that is real financial intermediation to support growth. What the MPC is doing now is to reinforce that transition, which is good for growth, and good for poverty reduction in the end.*

QUESTION 3

Governor, the gold holdings as of December 2025 were 18.6 tonnes, down from 30.5 tonnes in December 2024, and also down from September 2025, which was 37.1 tonnes. Why the sudden drop in the Bank's Gold Holdings, and what is the rationale behind it? Is the sudden drop linked to the rebalancing of the FX reserves portfolio?

Response: At the last MPC, I remember we spoke about rebalancing our portfolio, and what we did was to look at our peer countries. We observed that most of them were holding between 20 per cent and 25 per cent of their portfolios in gold. At the time, we were holding a little over 40 per cent, and so the decision was made to diversify, and that is what you see. But the FX that was earned as a result is there, earning interest and contributing to reserve accumulation, so no worries at all.

As you are aware, we are rebuilding reserves all the time, and so this year, we will accumulate once again. We will evaluate whether it will be optimal to hold gold at those levels. And maybe, let me just clarify, it is true gold prices have risen to record levels, way above US\$5,200 per fine ounce. However, you must understand that there are several factors that drive gold prices. Some of these factors are transitory, while some are structural.

Now, what you see, [the US\$5,200], may be due to transitory factors. It may not be permanent, and so you must be conservative in your assessments. So, we will be guided by what will be optimal based on the structural considerations and determine the appropriate levels of holdings that we want to go for. But let me add that our reserve accumulation is upward. Nothing has come down. It was just a rebalancing that we did.

QUESTION 4

Governor, what should Ghanaians expect from the [imminent] publication of the 2025 financial statement of the Bank?

Response: We have a mandate to ensure price stability and financial stability. And as you also know, the Bank of Ghana is not a profit-making institution. Now, in carrying out the Bank's mandate, you will incur costs, but then that cost must be put in proper perspective. So, you will see in our accounts when it is published that, for example, the cost of monetary policy operations is quite high, and then you also have components like the revaluation costs and the gold-related expenses. These are legitimate costs that you incur for the public good. But that said, and as I mentioned at the Public Accounts Committee (PAC) meeting [on Monday, 12 January 2026], we are in consultation with the Government and the Minister for Finance. The recently amended Bank of Ghana Act has a provision for the Government to recapitalise the Bank of Ghana from time to time, and the Government is committed to recapitalising the Bank of Ghana to strengthen its balance sheet going forward.

And so, rest assured, we will ensure that we [Bank of Ghana] remain policy solvent. We will ensure that we are committed to our mandate and that we serve the public good. In achieving this, there will be costs, but the Government and the Ministry of Finance, for that matter, will do their part to help shoulder some of the costs.

QUESTION 5

Governor, your remarks indicate that gold has been one of the anchors in the stability story. At the last PAC sittings, you attended [on Monday, 12 January 2026], you promised to provide Parliament with information on the cost implications of the Gold-for-Reserves Programme(G4R). Have you fulfilled this commitment, and if so, could you share those details with us?

Response: *The PAC Chairperson requested for some explicit data in the account [in a certain format], but that data was captured in other areas in the annual report. So, we have provided those numbers to them. The data was submitted a day or two after we left Parliament. If you want to access the details, I encourage you to approach the Chairperson of PAC, and they will be able to share [the data] with you. As far as we are concerned, that issue has been addressed.*

QUESTION 6

Governor, regarding the latest policy rate cut, are you likely to, earlier than expected, achieve your target of reducing the average lending rate to not more than 10 per cent by the end of your tenure [as Governor]?

Response: *Let me explain that that is not an official commitment. That is my personal wish, my personal aspiration. I have seen very high lending rates all my life. Since the period I joined the Bank in 1995, lending rates have always been extremely high. It is my personal dream to see a reset in terms of lending rates.*

So, it is just my own personal commitment, not an official one, and I must say that we are on course, so far. Someone informed us today that his bank called him and invited him to apply for a loan at 15 per cent. A year ago, we were talking about rates of 30 per cent. It is significant to know that banks are now beginning to call clients and ask them if they need any loans. So, there is a shift.

QUESTION 7

Governor, the cedi marginally depreciated by 4 per cent in the month of January 2026. Should the market be worried based on this? And should the market interpret this [rate] cut as the beginning of a sustained easing cycle?

Response: *The cut is in line with the framework that we have. I indicated that we have a managed floating system, and that means you allow the exchange rate to adjust to shocks, which is part of the process. The cedi must move up, but then it must move down. Our objective is to ensure that the volatilities are not excessive. So do not get worried if you see the cedi moving a little bit, it is normal. Several factors impact the cedi at any time: there are short-term factors, uncertainties, speculative behaviours, and some noise in the market. These can just move the rate, not because anything is wrong. If those movements become persistent, you might notice factors such as high monetary growth. And if that happens, that could also impact the cedi.*

So, what is happening currently is more of the short-term kind of factors, but it will fall in line. We are observing the trends and working to ensure stability. Last year, we announced a few reforms in the

financial market, and this year, we are going ahead with further reforms. The interbank FX market is working better now, and so we believe that FX intermediation will become more fluid and, the cedi should be relatively stable going forward.

QUESTION 8

Last year, the Bank introduced a new FX intermediation where you sold dollars on the spot market to market players. But some people were complaining that the allocation was not based on the highest bidder principle. Was that the case? And what was the strategy behind it?

Response: *The Head of the Financial Markets Department of the Bank will provide some clarifications after the press conference.*

QUESTION 9

Governor, it appears none of your instruments is linked to the Monetary Policy Rate. The 14-day rate is around 14.5 per cent, and overnight rates are being placed at 14 per cent. So, there is a gap between the policy rate and your instruments. What is the strategy behind it, and are you concerned about policy transmission?

Response: *The Bank's policy is working. At the last MPC, we announced the introduction of the 14-day bill and provided reasons why we decided to discontinue the use of the longer-dated ones. So far, by way of liquidity management, we think that the 14-day is working appropriately. We are reviewing its performance, and those instruments will continue to play a strong role in our liquidity management efforts.*

QUESTION 10

Governor, I want to know if all banks have met their capital requirements, since the regulatory forbearance has expired, and the capital adequacy ratio remains at 17.5 per cent.

Response: *Out of the 23 banks, 21 of them met the capital requirements at the end of December 2025. However, two banks are yet to meet it. These banks have been given until the end of March 2026 to meet it. And so, largely, we have made progress on the recapitalisation strategy. We are monitoring to make sure that all banks are compliant with the capital requirement by the end of March this year.*

QUESTION 11

What pragmatic steps is the Government, for that matter, the Bank of Ghana and its stakeholders, taking to reduce the cost that the country continues to incur with the Domestic Gold Purchase Programme?

Response: As I indicated when we met Parliament, we have discussed with the Ministry of Finance, and several reforms have been introduced. I mentioned that we will hold consultations, and that is actively going on. Hopefully, very soon, there will be some communication on the way forward. As I explained, the Domestic Gold Purchase Programme began somewhere in 2022. It was introduced as a crisis management framework, and we had to close some aspects and introduce features to strengthen its risk management. We have had to reduce part of the costs, but it is about time we reduce it further. We think that the Gold for Reserves, especially, holds promise, and once we reform it, it should be able to support our reserve accumulation. And let me also mention that there is an on-going audit on the Gold-for-Oil [part of the Domestic Gold Purchase Programme]. Remember, early last year, we cancelled the Gold-for-Oil programme. The Gold-for-Reserves is also going to be audited, and so rest assured, we will investigate everything to make sure that the framework is streamlined.

QUESTION 12

Governor, I just heard you say that the Government is committed to recapitalising the Bank of Ghana from time to time. I just want clarity here because I know the Minister for Finance has indicated that the Government has no intentions of bailing out the Bank of Ghana and that the central bank should find its own assets in recapitalising and restoring its balance sheet. So, I just want to know if the Government has changed its position or what form and shape this recapitalisation is going to take. Is it that the Government has changed its mind, or the Bank of Ghana is still going to find its own resources in recapitalising? I just want to know what the Government's stance is now.

Response: I mentioned that the Bank of Ghana Amendment Act was passed about a month or two ago, [where the provisions] are stated there explicitly, and so I believe in the commitment of the Government. So far, we have had some fruitful discussions with the Government, and they are ready to repair the balance sheet of the central bank. Remember, it started in 2022 when the Domestic Debt Exchange Programme was introduced. The central bank had to take a chunk of that task, all to protect the country. And so, it is only fair that the wounds you suffer as a result, you are helped to recover from. And so, rest assured, the central bank will be recapitalised. We will make sure that we remain policy solvent to carry out our operations in line with our mandate.

QUESTION 13

Governor, inflation is now 5.4 per cent [as at December 2025], which is below the central bank's target band. I want to find out if the central bank has any immediate plans to review its inflation target, and what's your inflation target for the year?

Response: The 8 ± 2 per cent is the medium-term target. It is true that currently inflation is below the lower end of the band, but it is too early to talk about reviewing the target, since this occurred just

over the last two months. We want to monitor the inflation dynamics and assess whether to lower the medium-term target or otherwise. So, our eyes are on the ball; we are tracking and evaluating the inflation outlook.

QUESTION 14

The Financial Investment Trust (FIT), which is wholly controlled and owned by the Bank of Ghana, owns the majority shares in ADB bank. Government in the 2026 budget announced that it was recapitalising ADB. I want to find out what this would mean for the shareholding structure of ADB, and when the Bank plans to list those shares on the Stock Exchange, because the continuous holding of those shares makes the central bank a regulator and a player at the same time?

Response: Regarding the ADB shares, the Bank currently has about 10 per cent. These are residual shares we are holding, and under the Fund programme, we are supposed to sell off. So, I can assure you that we are on that exercise, and we have obtained Board approval to divest our interest in those shares, and very soon, there will be some communication in that regard. It is true we cannot be the regulator of an institution that we regulate at the same time, so that divestment is on course, and it will be completed.

QUESTION 15

Governor, with the non-interest banking regulation in place, when are we expecting the first licence to be issued?

Response: We have made a lot of progress since we announced it last year. Professor John Gatsi is the main advisor who is driving that programme. As you are aware, they have done a lot, including engaging various stakeholder groups and publishing the Guidelines. But we are still open to further consultations. We want to get it right. How soon will we see a licence? We are getting some interests, and a few potential investors are writing to us. They are doing the necessary due diligence. We are optimistic that very soon we may be able to see a formal application for a licence, which we can review and take things forward. But let me emphasise that our doors are still open. If you have any views, anybody wants clarity on any aspect of the programme, our staff are ready to listen and discuss further.

QUESTION 16

Governor, as part of the microfinance sector reforms, the minimum capital for microfinance is now pegged at GHS100 million. I want to know what is accounting for such a high minimum capital for microfinance institutions.

Response: You may have heard that we have decided to reform the microfinance/rural banking sector. Why? Because you are aware of what that sector has gone through. It is a relevant sector, and they have a role to play as far as financial intermediation is concerned. So, we have no choice but to reform the sector. To give you an example, several years ago, they accounted for around 15 per cent of the

total assets of the financial sector. Currently, that proportion is less than half. So, clearly, this tells you that the sector is in decline and that is why we have put together that programme. The sensitisation is ongoing. We still have different levels, and it is not just the microfinance institutions. The capital level for the community banks, for example, is lower than that. The idea is for them to be flexible in meeting the needs of different clients, taking on different projects, different risk projects and risk profiles; and as you know, it goes with your capital levels. So that is the idea behind the new capital structure.

The media will be sensitised, and I believe some programmes are already ongoing. We have also commenced some programmes on the new microfinance reforms. It will be good to intensify those programmes so that everyone appreciates what we want to do. The Bank welcomes any consultations. We have had various groups engage us to appreciate and understand the purpose of the reforms. The Bank staff are always ready to help, so just send us a letter, and we are ready to take you through what we are planning.

QUESTION 17

Governor, last week the Goldbod signed an agreement with Gold Coast Refinery. I remember that the Bank of Ghana also had an agreement with Royal Gold Refinery, in which the Bank had some stake. So, with this new kid on the block, what is the status of Royal Gold Refinery?

Response: Regarding the gold refineries, it is a good thing because we are basically a commodity exporting country. We should be able to process a chunk of the three main exports: gold, cocoa, and oil. Regarding gold prices, someone was telling me this morning that in the 1950's, they saw this type of rally in gold prices, but suddenly it lost more than half of its value. So, make no mistake in thinking that gold prices will remain above US\$5,000 forever. No. And so, as a commodity exporting country, you want to increase the level of processing.

His Excellency, the President, has spoken already about plans to refine a greater amount of the locally produced small-scale gold, and of course, part of the large mines as well. So, Gold Coast Refinery has gone ahead. We are aware of that agreement. We also have a 20 per cent stake in Royal Gold. The Bank is also committed to working with them, since they have a strong role to play. So later, you will hear about that refining agreement also being signed with Royal Gold, and we will push ahead with that programme.

QUESTION 18

Governor, in December 2025, the IMF announced that it had approved the next tranche [of payment under the ECF programme]. Has it hit our account yet? Or when are we expecting it?

Response: The disbursement of the tranche came a long time ago. Usually, the disbursement does not delay. Once the Board meeting is successful, a couple of days later, the disbursement is carried out, so the money is in our account.

QUESTION 19

Governor, so I see a sharp rise in our current account balance from US\$1.5 billion to US\$9 billion from December 2024 to December 2025. You stated earlier that gold is one of the factors that drove it, which is good, but I want to find out whether we are going to sustain this huge jump or if it's a one-off.

Response: *The surge is primarily driven by gold, and as I mentioned, it is for the Bank to increase the processing and rebalance going forward, and then also look at other forms of exports. During our meeting yesterday, we reviewed data and noted, for example, that the non-traditional export sector accounted for a little over around 10 per cent of total exports. But then, the ratio seems to be declining, and that tells you that we need to step up our game in non-traditional exports to rebalance. I remember during the discussions yesterday, I mentioned the issue of our services account, which has always been negative. We hope that it becomes positive going forward.*

QUESTION 20

I have been following cocoa issues for a while now, and I realise that the prices are declining and the farmers on the ground are not getting what they are supposed to get. I know this is not in your domain, but I want to find out how the drop in cocoa prices is affecting your economic projections for the year, and what advice you have for the stakeholders in the industry. What is your advice to them?

Response: *The inflows through COCOBOD help the Bank stabilise the economy, and so, yes, a drop in cocoa prices will affect us. We expect that the drop will be a transitory phenomenon and that somehow, we will recover.*

QUESTION 21

The unintended consequence of the cedi gains is that institutions such as COCOBOD are struggling. Today, cocoa prices have dropped, and prices are below even the farmgate prices the farmers are being paid. To compound that, we are also suffering FX losses. When they hiked the price, we were doing GHS11.5 to a dollar; now we are averaging GHS10.5. So COCOBOD is really struggling, and they have stopped purchasing cocoa. Do you think there is scope to balance this, because these unintended effects seem to be biting a section of the economy very hard?

Response: *The issue about COCOBOD and the dynamics in terms of the exchange rate is real, and remember, I am a member of the Board of COCOBOD, and so I am very much aware of what is going on. But the reality is that, probably, it is about time we looked at that model all over again. We will do our part to ensure that the exchange rate is well aligned, and not overvalued, but I think it is about time we take another look at the entire COCOBOD model. And it is for the Government of Ghana to give details about how to reset the model going forward.*

QUESTION 22

Governor, despite opting for the dynamic cash reserve ratio system, the ratio is still only one-third of all deposits. Is this dynamic system failing? Will you amend it?

Response: *The dynamic cash reserve ratio was introduced some time ago. The objectives that were announced at the time were to support lending by the banks. Last year, we announced that we were reviewing that framework and we started by making reserve requirements based on the currency in which the deposit is kept.*

We are still committed to those reforms, but because the transition involves or has an impact on liquidity management, we had to adopt a cautious approach. Going forward, we will see how to get on with that reform without compromising on our liquidity management efforts. The good part is that, as I mentioned, we have seen a recovery in private sector credit. We are beginning to see banks take active steps to build their loan portfolios, and they have started calling people to come and apply for loans. That is the way to go. So that means that even when we eventually phase out those reserve requirements, we will still be able to achieve the aim of increased credit extension, which the framework sought to achieve in the first place.

QUESTION 23

Governor, do you think we need bigger banks with deeper financial backing to support the government's Big Push Agenda? I believe institutions like the Tema Oil Refinery (TOR) and others would require LCs (Letters of Credit) for their operations, but sometimes, the government wants a long-term bond, and therefore, everything must go outside. Governor, do we need this [big banks]?

Response: *The banking industry is like a market, so there is always freedom of entry and exit. Regarding bigger banks, there are economies of scale. So yes, the bigger the bank, the more it can handle all kinds of projects because it has the financial muscle, as well as the risk management framework to handle big ticket projects. We encourage consolidation and encourage any bank that wants to merge with another to create a bigger bank. The Bank of Ghana has guidelines to achieve that aim. So, yes, we welcome bigger banks, and if you have any proposals, our Banking Supervision staff are always available to provide clarifications on this subject.*

ENDS.