Post-MPC Engagement with Heads of Banks

Opening Remarks

by

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Bank Square, Bank of Ghana | Wednesday, February 18, 2026

Chief Executive Officers and Heads of Banks,
Deputy Governors,
Officials of the Bank of Ghana,
Distinguished Ladies and Gentlemen.

Good afternoon.

1. It is my pleasure to welcome you to this post-MPC engagement. The quality of a financial system is determined by how openly its leaders confront risks and adapt to change. This forum provides that space. It allows us to be candid about challenges, clear about expectations, and aligned on the path forward. I would like to begin by thanking you for the constructive engagement and cooperation over the past year, which has been instrumental in the effective implementation of key regulatory and policy measures.

2. Ladies and Gentlemen, the Monetary Policy Committee held its 128th meeting in January 2026, at a time when both the global and domestic environments were improving. With inflation declining faster than anticipated and expectations well anchored, the Committee judged that monetary conditions remained sufficiently tight relative to prevailing inflation

dynamics. Consequently, the MPC, by a majority decision, reduced the Monetary Policy Rate by 250 basis points to 15.50 percent.

3. Globally, growth in 2025 proved more resilient than expected, supported by easing inflation, improving real incomes, and strong investment momentum in key sectors. Financial conditions have eased, and the outlook for 2026 points to steady, though uneven, growth. These developments provide a more supportive external backdrop for emerging and frontier economies, including Ghana.

4. Domestically, macroeconomic conditions have strengthened meaningfully. Real GDP growth improved, with the economy expanding by 6.1 percent in the first three quarters of 2025, driven largely by services and agriculture. The Bank's Composite Index of Economic Activity confirms sustained momentum across trade, private sector credit, industrial output, and consumption. Business and consumer confidence have improved, supported by easing inflation, exchange rate stability, and expectations of lower borrowing costs.

5. Inflation declined sharply from 23.8 percent in December 2024 to 5.4 percent by December 2025, and further to 3.8 percent in January 2026, the lowest level recorded since the adoption of inflation targeting. This disinflation has been broad-based, supported by tight monetary policy, fiscal consolidation, and exchange rate appreciation. Inflation expectations remain well anchored across households, businesses, and the financial sector.

6. As monetary conditions have adjusted, money market and lending rates have declined, and real private sector credit growth has begun to recover, signaling the gradual transmission of easing to the real economy.

7. Fiscal consolidation has also been supportive, with a lower deficit, a strong primary surplus, and a marked decline in public debt. On the external front, strong export earnings, private transfers, and prudent demand management have supported a balance of payments surplus and a build-up in reserves, providing important buffers for the economy.

8. Colleagues, with macroeconomic stability improving and regulatory reliefs now behind us, the conversation must shift from resilience to structure. Stability has been restored. The task ahead is to strengthen the underlying architecture of the banking sector.

9. Over the past year, the Bank undertook a thematic review of banks' business models, examining funding structures, asset allocation patterns, earnings composition, and governance effectiveness under both baseline and stress scenarios. The review confirms that the sector remains viable and profitable. At the same time, it highlights structural features that merit reflection as we move into a more normalised macroeconomic environment.

10. Financial intermediation remains modest, with loans accounting for less than one-fifth of total assets across the industry. Asset concentration in sovereign and central bank instruments remains elevated. Most notably, approximately 68 percent of industry profitability continues to be driven by net interest income.

11. There is nothing inherently problematic about net interest income. However, a high dependence on it increases sensitivity to interest rate cycles and sovereign exposure dynamics. As margins compress in a normalising rate environment, earnings resilience will increasingly depend on diversification, particularly through transactional banking, trade services, payments, treasury activities, and other fee-based income streams that are less balance-sheet intensive.

12. Similarly, while non-performing loans have declined, they remain above benchmark levels. As credit expansion resumes, underwriting discipline and sectoral risk assessment will be critical. Stability must now translate into purposeful intermediation, supporting agriculture, manufacturing, SMEs, and value-adding sectors, without reintroducing asset quality pressures.

13. Business model analysis will now form an embedded part of supervisory assessment, supporting the early identification of emerging risks and enabling timely policy and supervisory interventions.

14. Our recent assessment of Security Operations Centre (SOC) arrangements reveals that about 87 percent of the banks evaluated maintain fully continuous, 24/7 monitoring, with most operating either entirely through local teams or with group-supported oversight. This demonstrates a strong and commendable recognition of cyber risk as a central operational priority.

15. At the same time, the review highlights areas that merit collective attention. A small number of institutions continue to operate with limited monitoring coverage or incomplete log reporting. Given the increasing sophistication and frequency of cyber threats, any gaps in visibility may lead to delayed detection and heightened systemic vulnerability, underscoring the importance of ongoing vigilance and coordinated efforts across the sector.

16. Ladies and gentlemen, structural strengthening is not limited to balance sheets and cyber resilience. It also requires institutional and market deepening. Parliament has recently passed the Bank of Ghana (Amendment) Act, 2025, reinforcing the Bank's operational independence while strengthening transparency and accountability. This reform enhances policy credibility and strengthens the institutional foundation within which monetary policy and supervision are conducted.

17. In addition, the Virtual Asset Service Providers Act has now been enacted, establishing a formal regulatory perimeter for digital asset activities in Ghana. The next phase is operationalisation. We are working on the regulatory frameworks, supervisory processes, and coordination mechanisms necessary to bring the Act fully into effect in a structured and orderly manner.

18. Banks are not observers in this space. Virtual assets will interact with the banking system through settlement accounts, custody arrangements, compliance infrastructure, and payment channels. Institutions that build capacity in digital asset risk assessment, transaction monitoring, and technology governance will be better positioned to participate responsibly. We are not creating a parallel financial system; we are extending the perimeter of the existing one.

19. At the same time, the Bank of Ghana has inaugurated Steering and Technical Committees to guide work on encouraging more banks to list on the Ghana Stock Exchange. This initiative brings together key institutions across the financial system, including the Bank of Ghana, the Securities and Exchange Commission, the Ghana Stock Exchange, the Ministry of Finance, the National Insurance Commission, the Ghana Securities Industry Association, the Central Securities Depository, and the Ghana Association of Banks. Listing is not only about capital raising. It broadens ownership, strengthens governance, deepens transparency, and anchors banks more firmly in domestic long-term savings, enhancing resilience and trust in the system.

20. Colleagues, stability has been restored. The task now is durability. Durability requires stronger business models, broader ownership, deeper intermediation, disciplined innovation, and sound governance. The Bank of Ghana will continue to engage as a firm, fair, and forward-looking partner, supportive where necessary, but clear in its expectations.

21. We will walk this next phase together, with shared responsibility for building a banking system that is not only stable but structurally positioned to support Ghana's long-term transformation.

Thank you.