Post-MPC Engagement with Heads of Banks

Opening Remarks

by

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

Good morning and thank you for your continued engagement with the Bank of Ghana. I welcome you all to this meeting – a meeting which has become an important platform for open dialogue, collective reflection, and coordinated action towards building a resilient, sound, inclusive, and growth-oriented financial system.

Let me begin my remarks by highlighting some of the key outcomes of the recently concluded Monetary Policy Committee (MPC).

Recent Monetary Policy and Macroeconomic Developments

Ladies and gentlemen, the MPC held its 131st regular meeting in July 2026 to assess recent economic developments and the risks to the outlook for inflation and growth. The Committee noted that the domestic economy continues to demonstrate considerable resilience, notwithstanding a complex and uncertain global environment. The renewed escalation of the conflict in the Middle East and closure of the Strait of Hormuz have triggered renewed instability in energy markets and heightened uncertainty around global trade and financing conditions. Crude oil prices have rebounded while supply chain disruptions are expected to slow the pace of disinflation across several countries.

Despite these external challenges, our domestic economy continues to perform well. Real GDP grew by 6.4 percent in the first quarter of 2026, compared with 6.2 percent in the corresponding quarter of 2025, driven largely by the services and industry sectors. The Bank's Composite Index of Economic Activity also points to sustained and broad-based momentum in economic activity, while the confidence surveys show positive consumer and business sentiments, supported by optimism about growth prospects, subdued inflation, and declining lending rates.

Headline inflation declined to 4.6 percent in July 2026 from 5.3 percent in June, reflecting slower food inflation and a relatively stable exchange rate, which helped to contain imported price pressures. Notably, inflation remains well below the lower bound of the medium-term target band of 8±2 percent.

Against this backdrop, the MPC unanimously maintained the Monetary Policy Rate at **14.0 percent**. The Committee judged that the current policy stance remains appropriate to steer inflation into the medium-term target band while allowing time to assess the evolving geopolitical environment and its potential impact on the domestic economy.

Interest Rates and Private Sector Credit

Ladies and gentlemen, financial conditions have eased significantly. In the money market, interest rates have continued to moderate across various market segments. These developments are beginning to translate into stronger credit flows to the private sector. Private sector credit grew by 41.2 percent in June 2026, compared with 8.6 percent a year earlier, while real private sector credit growth stood at 34.1 percent. This is a significant development.

Fiscal and Debt Developments

Fiscal discipline has also continued to provide an important anchor for macroeconomic stability. Fiscal performance in the first quarter of 2026 broadly reflected strong expenditure restraint, notwithstanding revenue shortfalls, resulting in better-than-targeted balances on a cash basis. The continued commitment to expenditure restraint, revenue mobilisation, prudent debt management, and fiscal discipline will be critical to preserving debt sustainability, strengthening investor confidence, and reducing fiscal risks to the macroeconomic outlook.

Banking Sector Developments

I am particularly encouraged by the continued strengthening of the banking sector. Total banking sector assets increased by 30.7 percent in June 2026, mainly supported by growth in deposits and shareholders' funds. Banks' solvency has improved significantly, with the Capital Adequacy Ratio increasing to 20.4 percent in June 2026 from 10.6 percent a year earlier. Asset quality has also strengthened, with the Non-Performing Loan ratio declining to 16.1 percent from 23.1 percent over the same period. These developments reflect the collective efforts undertaken by the institutions represented here today.

External Sector Developments

The external sector has continued to provide an important source of resilience. In the first half of 2026, the trade surplus increased to US$8.8 billion from US$5.8 billion in the corresponding period of 2025, supported by strong gold and cocoa export earnings. The current account surplus also expanded to US$5.1 billion from US$4.1 billion over the same period. These developments, together with a larger capital account surplus, strengthened the overall balance of payments position. Gross International Reserves stood at US$12.9 billion at end-June 2026, equivalent to 5.0 months of import cover. In the foreign exchange market, the cedi continued to show relative stability.

Supporting Productive Economic Activity

Ladies and gentlemen, inflation has declined significantly, the exchange rate has remained relatively stable, financial conditions have eased considerably, and interest margins have become increasingly compressed. Against this backdrop, we are beginning to see a strong rebound in credit creation. However, despite the improved economic environment and the growing demand for credit, many SMEs, particularly those in the agricultural value chain, still struggle to access finance because banks continue to perceive these businesses as relatively high-risk.

As banks, you are not merely financial intermediaries; you are important business partners in the growth and transformation of the economy. I therefore encourage you to deepen your understanding of the businesses and sectors you serve, particularly the unique dynamics of agriculture and its associated value chains. This should include developing innovative and flexible credit products that recognise the seasonal nature of agricultural activities and align loan repayment schedules with the timing and pattern of borrowers' cash flows. Such an approach would enable SMEs to access financing on terms that better reflect the realities of their businesses, support banks to manage risk more effectively, while ensuring that the benefits of the improved macroeconomic environment translate into broader economic activity and job creation.

Regulatory and Supervisory Matters

Distinguished colleagues, before I conclude my remarks, allow me to touch briefly on a few important regulatory and supervisory matters.

First, the Bank of Ghana continues to observe increased incidences of dud cheques and instances of non-compliance. Banks are therefore encouraged to properly utilise approved overdraft facilities or available funds in linked accounts, where permitted under existing arrangements, before returning cheques unpaid. Banks are further urged to strengthen their monitoring mechanism and intensify customer engagement and education to improve compliance, reduce repeat offences, and promote confidence in the use of cheques as a payment instrument.

Second, the Bank of Ghana has intensified efforts to address the growing incidence of unlicensed digital lending activities. As part of these efforts, the Bank has commenced the weekly publication of entities identified as providing digital credit services without the requisite approval from the Bank of Ghana. Relevant law enforcement and regulatory agencies are also taking further action to facilitate the removal of non-compliant operators from the market. Banks are encouraged to exercise heightened due diligence when engaging Digital Credit Service Providers (DCSPs) and should verify the licensing status of such entities with the Bank of Ghana before establishing any partnership or business relationship.

Third, the Bank of Ghana recently conducted a survey of diaspora investment products across the banking industry. The findings broadly indicate that banks currently do not have dedicated, off-the-shelf investment products specifically designed to meet the needs of the Ghanaian diaspora. As a result, remittances continue to flow largely through basic transfer channels, rather than being channelled into structured savings products, bonds, or other investment vehicles. Bridging this gap will require coordinated efforts and collaboration among key stakeholders. I want to urge banks to take advantage of the significant potential within the remittance space by broadening their offerings beyond traditional transfer services to include bank-led investment products, mobile money solutions, and digital remittance platforms.

This presents an opportunity to deepen financial intermediation and mobilise diaspora funds for productive investment in the Ghanaian economy. The Bank of Ghana remains committed to working with relevant stakeholders to develop a national remittance strategy aimed at enhancing remittance flows into the economy and ensuring that a greater proportion of these inflows are channelled towards savings, investment, and broader economic development.

Conclusion

Distinguished ladies and gentlemen, as I conclude my remarks, let me reiterate that the current economic environment presents us with a significant opportunity, but also a responsibility. The progress we have made provides a solid foundation for sustainable economic growth. Your institutions are well positioned to play a central role in translating these gains into tangible benefits for businesses, households, and the broader economy.

The Bank of Ghana, for its part, will continue to provide the regulatory and policy environment necessary to support a sound, resilient, and growth-oriented banking sector. We will also continue to engage with you, listen to your concerns, and work collaboratively with the industry to address emerging challenges and unlock new opportunities.

I look forward to your continued partnership and constructive engagement as we work together to build a stronger banking sector and a more resilient Ghanaian economy.

Thank you.