16th Annual General Meeting (AGM) of the Ghana Association of Savings and Loans Companies (GHASALC)

Theme: “Building Resilience, Deepening Inclusion: Shaping Ghana’s Financial Future”

Speech

by

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The Board Chairman and CEO of the Ghana Association of Savings and Loans Companies (GHASALC),
The Council Executives and Management of the Ghana Association of Savings and Loans and Finance Houses (GHASAF),
CEOs and Managing Directors of Member Institutions,
Invited Guests,
Ladies and Gentlemen,

Good morning.

It is an honour to join you today as Guest Speaker at the 16th Annual General Meeting of the Ghana Association of Savings and Loans Companies. I bring warm greetings from the Governor, Management and Staff of the Bank of Ghana, and I commend GHASALC's leadership for its sustained commitment to the growth and development of the Savings and Loans sub-sector, including this AGM.

Mr. Chairman, this year's theme, "Building Resilience, Deepening Inclusion: Shaping Ghana's Financial Future," could not be more fitting. Over the past decade, the financial services sector has weathered the COVID-19 pandemic, banking sector clean-up and the Domestic Debt Exchange Programme, and it has emerged fairly resilient. However, some challenges remain and these can be cured with adequate capitalisation, healthy liquidity buffers, low non-performing loans, and sustainable profitability.

Ladies and Gentlemen, these are the very standards the Bank of Ghana, as a regulator, exists to safeguard and precisely why the Bank of Ghana is reforming the Microfinance and Specialised Deposit-Taking Institutions (SDI) sub-sectors. Let me be clear about what this reform is, and what it is not.

This reform is not merely about introducing stricter regulations. It is about rebuilding public confidence and trust, deepening financial inclusion for the unbanked, MSMEs, women and the youth, strengthening local participation and ownership, and building a financial system capable of sustaining Ghana's growth for the next generation.

We have been here before. From the 1980s through the 2000s, the banking sector underwent successive waves of reform: new licensing requirements, revised capital thresholds, stronger corporate governance and risk management standards, and more rigorous supervision. Each wave provoked the same questions we hear today. Could institutions meet the new requirements? How would customers be affected? Would change strengthen the sector or weaken it? History has answered those questions. Those reforms laid the foundation for the robust, better-regulated banking industry we have today.

The microfinance and SDI sub-sectors now stand at a similar crossroads. These institutions occupy a unique and indispensable place in our financial ecosystem: they reach the youth, women, and MSMEs whom conventional banking often overlooks. For years, you have driven financial inclusion, poverty reduction, employment and growth. But, like any sector carrying that responsibility, the sector has also accumulated challenges that now require deliberate reform.

Three pillars anchor this reform agenda.

First, capital. Revised capital requirements will ensure institutions can absorb losses, withstand economic shocks, and continue serving their customers through periods of uncertainty.

Second, governance and risk management. Sound governance is the cornerstone of every successful financial institution, and this reform raises the bar on the skills, expertise, and ethical standards we expect of Boards and Management across the sub-sector.

Third, structure. Fragmentation has been a persistent source of regulatory arbitrage and uneven supervision. The reform addresses this directly by consolidating the sector into four clear categories, Microfinance Banks, Community Banks, Credit Unions, and Last Mile Providers, each with defined mandates and consistent regulatory and supervisory expectations.

Based on our engagement with the association, we took note of concerns about the timelines, transition arrangements and other aspects the reforms which we expect our technical teams and that of the association to resolve in due course.

Consistent with the microfinance reform roadmap, the Bank of Ghana will also issue a suite of aligned regulations, including a Corporate Governance Directive, Risk Management Guidelines, Business Model Guidelines, and Handouts for Last Mile Providers. These will be published for industry comment, and the Microfinance Policy Technical Committee will be engaged further on their content. We want your input, and in-fact, we need it, to ensure these rules reflect the realities in which you operate so let’s continue to engage.

Ladies and Gentlemen, we recognise that reform is never costless. Compliance costs, operational adjustments and new regulatory expectations are real burdens, and the Bank of Ghana does not take them lightly. But history is instructive here too: properly implemented reform builds resilient institutions. When this reform takes hold, public confidence will strengthen, financial inclusion will deepen as more of the underserved gain access to formal financial services, and local participation and ownership will grow as investor confidence follows.

None of this rests on the Central Bank alone. It requires financial institutions, government agencies, industry associations such as GHASALC, development partners, and customers, all moving in the same direction, toward compliance, innovation, transparency and professionalism.

Mr. Chairman, in conclusion: questions and uncertainty will accompany this reform, as they have accompanied every reform before it. But we should meet them with confidence, not hesitation. Just as past banking reforms transformed Ghana's financial landscape, this reform will transform the microfinance and SDI sub-sectors into a more stable, robust, resilient, and trusted pillar of our economy, one that truly serves the communities that depend on it. Let us embrace this journey with optimism, commitment, and shared resolve.

I once again commend the leadership and membership of GHASALC for their good work, and I wish you fruitful deliberations.

Thank you.