



BANK OF GHANA

BI-MONTHLY PUBLICATION OF QUESTIONS FROM THE MEDIA

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The Bank regularly receives questions from the media and other stakeholders on various issues related to its work. Here, we publish questions received from the media and the Bank's responses, as part of efforts to deepen transparency.

QUESTION 1

With recent developments in inflation and the implications for monetary policy, how confident is the Bank that Ghana can achieve a single-digit average lending rate before the end of the Governor's tenure?

Response: *Inflation has been well managed, supported by prudent monetary policy and improved fiscal discipline. Recent developments indicate that inflation expectations have declined and remain well anchored, providing a favourable environment for continued monetary policy easing. However, upside risks to the inflation outlook remain. Specifically, a re-escalation of tensions in the Middle East could push up global crude oil prices, with potential implications for domestic ex-pump prices and, subsequently, inflation. Notwithstanding these risks, single-digit lending rates will not depend solely on monetary policy. While a stable and declining inflation environment and appropriate monetary policy can help reduce the cost of funds, other factors, including fiscal discipline, lower government borrowing costs, exchange rate stability, reduced credit risk, improved banking sector efficiency, and increased competition are also important in lowering lending rates sustainably. As the Bank continues to pursue its mandate of price stability, effective coordination with relevant stakeholders, particularly the Ministry of Finance and other financial sector institutions, will be important. Such coordination could help strengthen macroeconomic stability, improve monetary policy transmission, reduce risk premiums, and create the conditions necessary for the sustainable attainment of single-digit lending rates.*

QUESTION 2

When should the public expect the first licence to be issued under the Non-Interest Banking framework?

Response: *The BoG has received two applications for non-interest banking (NIB) licences. One application is to establish a full-fledged non-interest bank, while the other is to offer non-interest banking services through an NIB Window.*

In addition, the BoG has inaugurated the Non-Interest Financial Advisory Council (NIFAC) as part of the institutional framework to support the effective regulation and operation of non-interest banking institutions in Ghana.

The public can therefore expect the issuance of the first NIB licence once all regulatory assessments and due diligence processes relating to the applications received have been satisfactorily completed.

QUESTION 3

How are the wholly owned Ghanaian banks performing currently? What is the Bank's assessment of National Investment Bank's position following the recent GH¢1.4 billion capital injection announced by the Finance Minister?

Response: *The Government has successfully recapitalised all state-owned banks, and their respective operations are bouncing back gradually. NIB is fully capitalised in line with regulatory requirements. The bank has grown its deposits and assets following the recapitalisation and is currently profitable. The Bank of Ghana is closely monitoring its operations and providing the required regulatory guidance.*

QUESTION 4

Given the recent movements in both food and non-food inflation, what specific factors does the Monetary Policy Committee identify as the main sources of inflation persistence? Furthermore, how has the current policy rate been calibrated to address these underlying pressures while supporting disinflation and economic growth?

Response: *Recent movements in food and non-food inflation indicate that non-food inflation remains the main driver of headline inflation. Within the non-food component, some categories, including housing, utilities, hotel accommodation and educational services, continue to exert inflationary pressures.*

During the first half of the year, inflation expectations increased, partly reflecting heightened uncertainty arising from external developments, particularly geopolitical tensions in the Middle East and their potential implications for global energy and commodity prices. In response, the MPC maintained a cautious approach to monetary policy to ensure that the policy stance remained sufficiently tight to contain inflationary pressures, anchor inflation expectations, and support growth.

More recently, there is evidence that this cautious approach has been successful. Inflation expectations have declined; core inflation has eased, and growth in the Ghanaian economy has been robust. To ensure that these developments are maintained, the MPC will continue to closely monitor downside and upside risks to the inflation profile to inform the positioning of the monetary policy rate.

QUESTION 5

Can the Bank confirm that the policy of zero central bank financing of the budget is being strictly adhered to? Additionally, what monitoring, reporting, and enforcement mechanisms are currently in place to ensure full compliance with this commitment, and has the Bank observed any challenges or pressures that could test adherence going forward?

Response: *The Bank can confirm that the policy of zero financing of the Government budget remains in force and is being adhered to in accordance with the applicable policy framework. Government financing needs are being met primarily through market-based sources and other programmed financing arrangements rather than direct central bank credit.*

In terms of full compliance, the Bank has established a robust monitoring framework where fiscal and financing developments are reviewed regularly through established coordination mechanisms between the Bank of Ghana and the Ministry of Finance.

The Bank does not currently have any reason or feel pressured to compromise or give in to the agreed MOU with the Ministry on the zero financing under the previous IMF programme.

QUESTION 6

Could the Bank provide an update on the recapitalisation of Rural and Community Banks following the introduction of the new minimum capital requirements? Specifically, how many Rural and Community Banks have successfully met the new capital threshold, and how many have submitted recapitalisation plans that have subsequently been approved by the Bank of Ghana?

Additionally, how many institutions have indicated an intention to pursue mergers, acquisitions, or other consolidation arrangements as a means of meeting the regulatory capital requirements, and how is the Bank assessing the potential impact of such consolidation on financial inclusion and access to banking services in local communities?

Response:

Community Banks have made steady progress towards meeting the new minimum capital requirement. A growing number of institutions have already attained the required capital level, while others are advancing recapitalisation efforts through various approved pathways. Based on current assessments, the Bank remains confident that a significant proportion of institutions will achieve compliance within the prescribed transition period.

Institutions are pursuing a range of transition options, including independent recapitalisation, strategic investor participation, mergers and acquisitions, and other restructuring arrangements provided under the reform framework. The Bank of Ghana is assessing these proposals to ensure their financial viability, governance soundness, and long-term sustainability.

Financial inclusion remains a central objective of the reform. In reviewing consolidation proposals, the Bank is carefully considering their implications for service continuity, community access to banking services, and customer protection. The reform framework is designed to strengthen institutions while preserving and, over time, enhancing access to financial services across local communities.

Institutions were required to submit progress assessment reports by 7 October 2026. Following the review of these submissions, the Bank will provide updated sector-wide statistics on progress made on the reform programme.

QUESTION 7

As the regulator of Ghana's banking sector, could the Bank provide an update on the licensing process for the proposed Women's Development Bank (WDB)? Specifically, what stage has the application reached, what outstanding regulatory requirements, if any, remain to be satisfied, and when can Ghanaians realistically expect the institution to commence operations?

Response: *The Bank of Ghana has received an application from the promoters of the Women's Development Bank, the Ministry of Finance and presently undergoing a review. As part of the review, the Bank of Ghana is currently engaging with the Ministry of Finance to complete the necessary due diligence checks. The capital of the proposed WDB has been deposited into an escrow account and is ready to be deployed as soon as the licence is issued to the WDB to commence business operations.*

QUESTION 8

Despite the significant improvement in the banking sector's stability and confidence, many SMEs, traders, and households continue to face relatively high borrowing costs. Why does the transmission of the policy rate to lending rates within the savings and loans and the broader credit market remain incomplete?

What structural, regulatory, or market-specific factors do the Committee believe are preventing lower policy rates from translating more rapidly into affordable credit for businesses, particularly SMEs and informal sector operators?

Response:

- *The incomplete transmission of the policy rate to lending rates in Ghana largely reflects structural and credit-market frictions rather than monetary policy ineffectiveness. While changes in the policy rate influence banks' funding costs, lending rates continue to incorporate significant credit risk premia, regulatory capital costs, operational expenses, and liquidity considerations. These factors are particularly pronounced for SMEs and informal sector borrowers due to weak financial records, limited collateral, and higher perceived default risk. Consequently, lending rates tend to adjust only partially and gradually to policy rate changes. Over time, sustained macroeconomic stability, stronger credit information systems, improved collateral enforcement, and deeper financial sector reforms should strengthen the pass-through of monetary policy to borrowing costs.*
- *We assess that the pass-through from the policy rate to lending rates remains constrained by elevated intermediation spreads arising from structural and market-specific frictions. While policy easing reduces the marginal cost of funds, lending rates continue to embed substantial credit risk premiums reflecting weak borrower information, limited formal financial records, high default probabilities, and collateral enforcement challenges, particularly within the SME and informal sectors. In addition, relatively high operating costs, prudential capital and provisioning requirements, slow deposit repricing, and the availability of attractive risk-free returns on other securities weaken the interest rate transmission mechanism. Consequently, the pricing of credit remains driven more by risk-adjusted return considerations and balance sheet constraints than by changes in the policy rate alone, resulting in a lagged pass-through of monetary policy to borrowing costs.*

QUESTION 9

With inflation rebounding in August, should markets and businesses interpret this as an early warning of renewed inflationary pressures, or does the Committee remain confident that the disinflation process remains intact? At what point would successive increases in inflation cause the MPC to reconsider its current policy stance?

Response: *Year-on-year headline inflation increased in August. However, this should not be interpreted as a signal of renewed inflationary pressures. Data from the Ghana Statistical Service reveals that monthly inflation declined significantly in August, reflecting improved food supply conditions associated with the favourable harvest of selected food crops. Going forward, the MPC expects inflation to trend steadily towards the lower bound of its target range of 8 ± 2 per cent over the medium term. To ensure that inflation stays within its target range in the medium term, the MPC will continue to examine the inflation forecast and assess the risks within the forecast horizon to make prudent decisions that will help to address its objective of price stability.*

QUESTION 10

Real credit expansion to the private sector has faced headwinds. Does the Committee anticipate a recovery in credit growth over the next two quarters, or are credit risks continuing to constrain bank lending?

Response: *Credit growth is expected to recover gradually over the next two quarters, supported by the improving macroeconomic environment, declining inflation, easing financing conditions, and the strong capital and liquidity positions of banks. The continued recovery in economic activity would also boost demand for credit from the private sector.*

However, credit risks remain a key factor in banks' lending decisions. Although asset quality has improved significantly, with the non-performing loan ratio declining, banks continue to exercise caution in credit underwriting, especially in sectors with elevated repayment risks (such as agriculture, transport and construction). Accordingly, the recovery in private sector credit is likely to be measured rather than hasty.

Going forward, sustained macroeconomic stability, further improvements in asset quality, and continued adherence to prudent risk management practices are expected to support stronger credit expansion to the private sector. The Committee will continue to monitor developments in credit conditions and financial sector risks to ensure that lending growth remains in line with financial stability objectives.

QUESTION 11

Despite repeated assurances from the Bank of Ghana and efforts to promote the use of all legal tender, the 20, 10 and 1 pesewa coins continue to face widespread rejection by some traders and sections of the public. What concrete measures is the Bank taking to improve public acceptance of these coins, strengthen education and awareness, and enforce compliance with Ghana's legal tender laws?

Response:

- *Legal notice - We have issued a public notice reaffirming the legal obligation to accept coins, citing the Currency Act, 1964 (Act 242) and Bank of Ghana Act, 2002 (Act 612). The Currency Act is currently under review, and we are using that opportunity to strengthen the legal provisions around coin acceptance and enforcement.*
- *Education - We are engaging traders, market associations and commercial banks directly, Coins cost less to produce and last longer than equivalent notes. Rejecting them pushes avoidable cost back onto the system.*
- *Bank-led recirculation - Commercial banks have been asked to actively collect coins from traders and recirculate the coins through branches.*
- *Enforcement - The Bank is working with security agencies and law enforcement to arrest offenders where necessary to serve as a deterrent to others.*

QUESTION 12

The Bank of Ghana introduced the MPC Educational Observation Programme (MPC-EOP) during the 131st MPC Meetings to give university students first-hand exposure to the monetary policy process. Following the inaugural engagement with students from the University of Ghana, how would you assess the programme's impact so far? Additionally, what role do you see it playing in enhancing transparency, deepening public understanding of monetary policy, and nurturing the next generation of economists, financial analysts, and policymakers?

Response: *One of the most significant outcomes of the programme was its success in demystifying the monetary policy process for the participating students. This became particularly evident during the Governor's candid engagement with them. Many entered the programme with the perception that the policy rate is determined solely by the Governor. However, after observing the technical presentations, analytical discussions, and deliberations that underpin policy decisions, they gained a deeper appreciation of monetary policy as a collective, evidence-based process driven by the Monetary Policy Committee and supported by extensive technical work.*

From a transparency perspective, this is an important outcome for the Bank. Beyond announcing policy decisions at the end of each MPC meeting, the Bank seeks to help the public understand the depth of analysis, diverse viewpoints, and economic considerations that shape those decisions.

The programme has also helped bridge the gap between academic theory and practical policymaking. Students were able to see how concepts learned in economics and finance are applied to real-world policy challenges. This is one of the initiative's greatest strengths, as it not only enhances understanding of the Bank's work but also helps prepare the next generation of economists and policymakers to engage more meaningfully in monetary policy discussions.

QUESTION 13

What is the Committee's assessment of the cedi's performance against the major international currencies in recent months? To what extent have the Bank's foreign exchange interventions and auction frameworks contributed to containing volatility, improving market liquidity, and supporting exchange rate stability?

Response: *The cedi has remained relatively stable, despite recent bouts of depreciation, demonstrating resilience amid spillovers from the Middle East crisis and rising foreign exchange demand. Our focus remains on maintaining exchange rate stability in a manner that enables economic agents to plan effectively without facing significant market disruptions.*

The Bank's foreign exchange operations have been supportive. In particular, twice a week FX intermediations through spot auctions have helped enhance liquidity and improve the functioning of the foreign exchange market. These FX interventions are rules-based and are undertaken primarily to smooth short-term exchange rate volatility rather than to target a specific exchange rate level. Although the Bank deploys this tool judiciously, it sends strong market signals, shapes expectations, and helps moderate exchange rate pressures.

QUESTION 14

What trends or specific events trigger a decision by the BoG to intervene in the foreign exchange market, and what determines the value of an intervention at a specific time or over a particular period?

Response: *FX interventions are rules-based and guided by a data-driven model with limited discretion in determining when to intervene in the forex market. The intervention trigger is primarily informed by daily exchange rate movements and prevailing market conditions to identify periods of excessive or disorderly short-term volatility.*

This framework enhances the transparency, consistency and predictability of the Bank's foreign exchange operations, while ensuring that interventions are undertaken when market conditions warrant a response rather than targeting a particular exchange rate level.

QUESTION 15

With large domestic bond maturities in 2027-2028 creating rollover risks and contingent liabilities in energy and cocoa sectors, what contingency liquidity support framework does BoG have if market conditions tighten?

Response: *The Government's principal strategy is to address anticipated debt-service humps, such as the one expected in 2027–2028, well ahead of their maturity dates, thereby reducing rollover and refinancing risks during periods of potentially tighter market conditions.*

In this regard, the Ministry of Finance has been building a significant cash buffer to support liquidity management, including domestic buyback programmes, as highlighted by the Minister of Finance in the 2026 mid-year budget statement. In addition, the Ministry is establishing a sinking fund at the Bank of Ghana to meet the expected 2027 debt-service hump payments and is working to amend the Public Financial Management Act (PFMA) to institutionalise both the sinking fund and its funding sources, ensuring the mechanism is available for future humps.

The Ministry has already accumulated a significant balance in the sinking fund held at the Bank of Ghana. This is expected to reduce rollover risk pressures, strengthen liquidity planning and create greater fiscal space to meet potential commitments in critical sectors such as energy and cocoa.

QUESTION 16

The cedi has remained broadly stable throughout 2026, a development many have attributed to a combination of strong gold export receipts and the Bank of Ghana's foreign exchange management measures. How would you assess the relative contribution of gold exports compared to the Bank's own FX interventions in supporting this stability? Additionally, what contingency plans are in place should global gold prices decline significantly or external conditions become less favourable?

Response: *The cedi's stability in 2026 reflects the combined effect of strong gold-related foreign exchange inflows and the Bank's disciplined, rules-based FX management framework. Gold receipts have been particularly important, expanding the supply of foreign exchange available to the domestic market and strengthening the Bank's capacity to undertake market-based intermediation when necessary. Stronger gold inflows provide the Bank with greater room for FX intermediation, while weaker inflows would naturally constrain that capacity.*

Looking ahead, the Bank's principal contingency is continued reserve accumulation and the maintenance of adequate external buffers. These buffers are being built precisely to provide resilience against less favourable external conditions, including a significant correction in global gold prices. GANRAP is central to achieving this strategy, given its contribution to gold purchases, foreign exchange generation and reserve accumulation.

Where our price outlook warrants it, the Bank may explore appropriate risk management or hedging strategies to protect the reserve position against adverse gold price movements. Together, these measures provide the resilience necessary to safeguard exchange rate stability under more challenging circumstances.