

Regulatory Exemplars Country Report

Ghana

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Exchange Rate Used: 1 USD = 11.36 GHS

Note: *This report is based on information about Ghana’s financial sector regulation, collected and analyzed by late 2023, through document review and mainly through interviews with a range of stakeholders in Ghana. Some subsequent developments have been added to this report, but the report’s core analysis of regulation and policy relevant to financial inclusion and competition is valid only as of late 2023, unless otherwise stated.*

Introduction

As countries around the world seek to make their financial systems more inclusive, it is vital to understand the unique role of competition policy in achieving this aim. The encouragement of competition is central to any comprehensive financial inclusion effort, because a sufficiently free and fair interplay of market forces is a spur to the innovation and customer outreach necessary for the expansion of access and usage.

However, competition also presents risks – from fraudulent business practices to the risk of a race to the bottom. The balancing of the benefits and risks of competition is a stern test of any country’s financial inclusion efforts.

This report is part of a series of three reports on Brazil, Ghana, and India, which review the experience of countries that have sought to strike this balance. In doing so, we are focusing on competition as a lens through which to assess the overall effectiveness of each country’s approach to financial inclusion.

These reports are informed by a core insight: While certain basic regulatory enablers are necessary to the development of an inclusive financial system, they are not enough by themselves. An effective and holistic approach to financial inclusion is one that complements these regulatory enablers with a supple framework for ensuring open and responsible competition.

In order to get the basis of that framework right, certain foundational elements are needed. These include a stable and capable regulatory regime, with clear and effective rules for consumer protection, cybersecurity, and other requirements of digital finance. Another important foundational element is the presence of accessible and reliable basic public infrastructure for retail payments, customer identification, and consumer credit.

From this foundation, the basic regulatory enablers of digital financial services (DFS) may be established. CGAP identified the most important of these building blocks in 2018. Most fundamentally, nonbank providers need to have the authority to issue e-money accounts, and a wide range of financial service providers need to have the ability to provide access to services for customers in traditionally underserved areas, by engaging third-party agents. In addition, simplified and streamlined know-your-customer (KYC) rules are necessary for enabling a broader range of customers to open and maintain low-risk accounts.

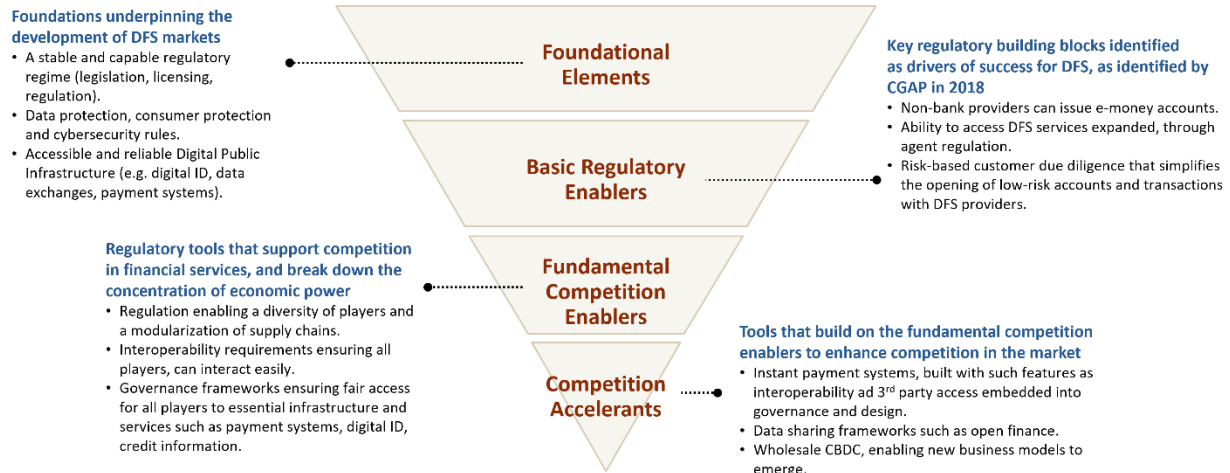
Again, however, such basic enablers are just a start; to ensure a more inclusive financial system, barriers to competition must be removed, and the market power of incumbents diluted to the point that innovative rivals can gain a meaningful foothold and compete on fair terms.

This can be done through a variety of means, including rules allowing for new business models and a broader diversity of market participants – as well as policies that permit the outsourcing of services, the interoperability of payment systems, and the access of all players to digital public infrastructure (DPI).

Beyond these foundational competition policies, an optimally inclusive system would require competition accelerants that remove barriers to the expansion of access and usage. For example, highly accessible instant payment systems can enable banks and nonbanks to offer novel services. Open finance models can permit the secure sharing of customer data among various financial service providers. Central bank digital currencies (CBDCs) can open paths for entirely new business models and market infrastructure.

We are grounding these reports on the hypothesis that countries need a comprehensive policy and regulatory agenda to build a dynamic, competitive financial sector in which a range of financial services providers can thrive. Such an approach would address the aforementioned fundamental competition enablers and competition accelerants, as illustrated in the figure below.

Figure 1. Competition Enablers’ Theory of Change



We believe that such a holistic approach – rather than the promotion of isolated financial inclusion policies – offers greater potential for increased financial access and usage. In these reports, we present the stories of countries that have considered competition as a lens in policymaking, even if they might not necessarily have followed such a holistic path. We believe they offer important learnings for other markets.

National Context

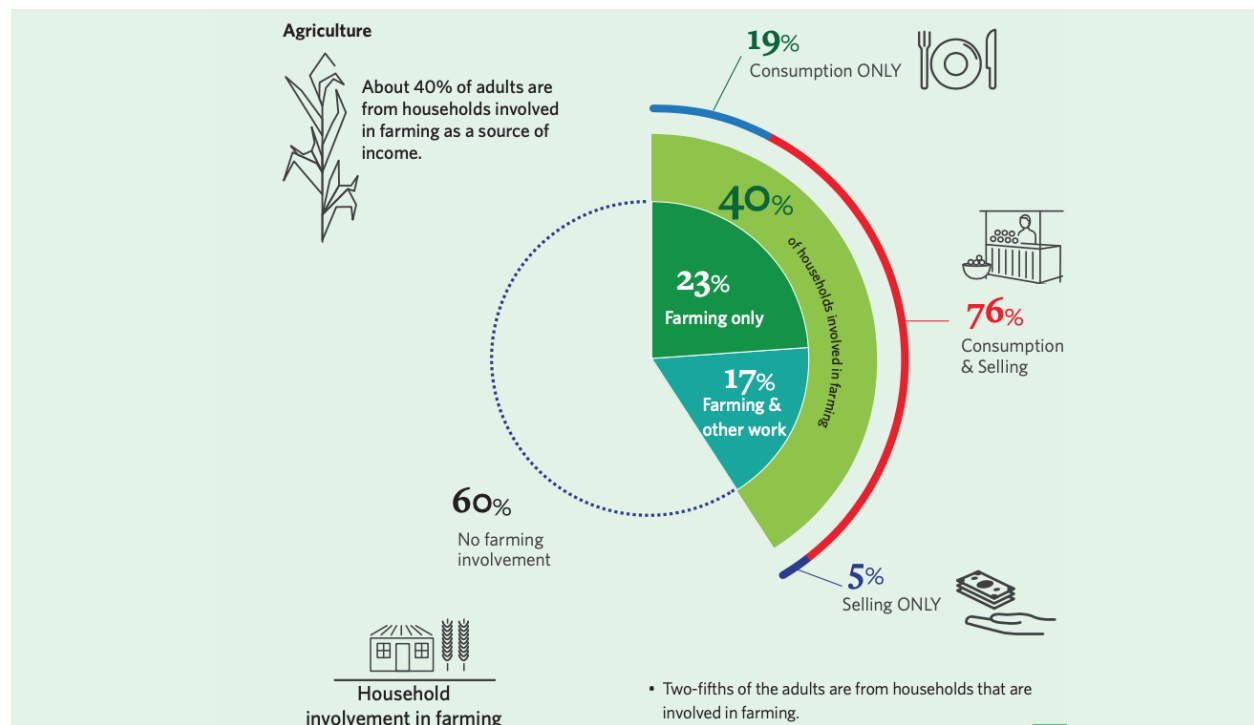
The Republic of Ghana is a West African country that lies between the Sahel belt to the north and the Atlantic Ocean to the south. This multiethnic, resource-rich land was home to prosperous kingdoms for centuries before the arrival of European powers, beginning with the Portuguese in the 15th century.

Britain eventually established colonial control during the 1800s, but in the middle of the following century Ghana became the first colony in Sub-Saharan Africa to achieve national independence, as four former British holdings were united under the new Ghanaian government of Kwame Nkrumah in 1957.

Today, Ghana is regarded as one of the most stable and democratic countries in Africa. According to the World Health Organization, Ghana had a population of 33.5 million as of 2022, but is projected to have over 52 million inhabitants by 2050. As these figures suggest, Ghana still has a relatively youthful population; nearly a quarter of Ghanaians are 14 years of age or below.

Education rates remain low, with 57% of adults having a secondary education, and 19% having no formal education at all. This lack of schooling constrains vocational options and sources of potential income; an estimated 13% of the population depends on remittances, and roughly 40% of households rely to at least some degree on agriculture, as shown in the graphic below.

Figure 2. Economic Reliance on Agriculture in Ghana



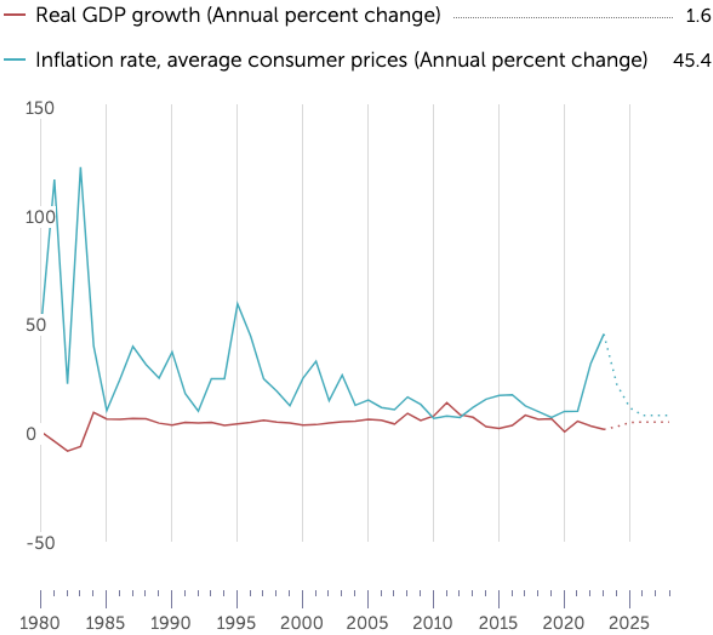
Source: Finscope (2021)

These economic dynamics heighten the relevance of financial inclusion for Ghanaians, since financial exclusion is an especially hazardous – and common – situation for rural households that rely upon the land for their sustenance.

Another factor that makes financial inclusion such an important policy goal for Ghana is the country’s current economic troubles which led it to seek financial support from the International Monetary Fund (IMF), including debt restructuring. The country has made a remarkable recovery since then, as it implements important structural reforms.

The COVID-19 pandemic had a severe, albeit only temporary, impact on the country: GDP growth slowed to 0.5% in 2020, down from 6.5% in 2019, before shooting up again to 5.1% in 2021.¹ In addition, food prices spiked during the pandemic, and overall poverty increased.² In recent years, the economy slowed again, to 2.9% GDP growth in 2023, before accelerating to 5.8% growth in the first half of 2024.³ The inflation rate (average consumer prices) has dropped from a peak of more than 50% to 21.5% as of September 2024.⁴

Figure 2. GDP Growth and Inflation in Ghana, 1980 to the Present



Source: IMF <https://www.imf.org/en/Countries/GHA>

Regulatory Authorities

The Bank of Ghana (BoG) is the main financial regulator being responsible for the regulation and supervision of banking, credit, and payments, which are critical for financial inclusion. BoG takes the lead on the most relevant policymaking for the sector, in close coordination with the Financial Sector Division of the Ministry of Finance. BoG’s Payment Services Department regulates payment infrastructures and retail systems, while its Fintech and Innovation Office supervises fintech companies.

¹ World Bank (2024)
² IMF (2023)
³ Ministry of Finance (2024)
⁴ Ghana Statistical Services (2024)

In addition to BoG, other regulators with significant responsibilities include the National Insurance Commission (NIC), the Securities and Exchange Commission (SEC), the Data Protection Commission (DPC), and the Ministry of Communications and Digitalisation.

Main Market Participants

Financial sector assets and capital are highly concentrated in a few large banks (Ghana Commercial Bank, Ecobank, Absa, Access, ADB, Fidelity). Banks hold over 90% of all investment accounts in Ghana, and their services tend not to be designed to meet the needs of people living outside of the larger cities. Ghana's recent economic challenges have hit the banking sector hard.

There is a relatively large nonbank sector, which is licensed and supervised by BoG, including deposit-taking microfinance institutions (DMFIs); development finance institutions (DFIs); savings and loans associations; leasing companies; mortgage finance companies; and remittance providers. These sub-sectors have, like the banks, been deeply affected by adverse economic forces.

A licensing category is the payment service providers, or PSPs. These include dedicated e-money issuers (DEMIs), which offer basic payment services, mostly via mobile money accounts. DEMIs compete with banks in payment services, but also partner with them (and with other financial institutions, such as insurance companies) to offer credit and savings services through mobile money accounts.

The mobile money market blossomed with the launch of mobile money services by the leading mobile network operators at the time, first MTN MoMo in 2009, followed by Airtel Money in 2010, and Tigo Cash in 2012. However, the sector has quickly become concentrated: MTN MoMo now dominates the mobile money market, holding most of the client accounts. By 2019, Airtel and Tigo had merged into a new company, AirtelTigo, which has since come under government ownership.

While MTN MoMo dominates mobile money, MTN, its parent company, dominates mobile phone services. MTN's dominance in both markets is a relevant issue for competition, financial inclusion, and innovation in Ghana, and this report will explore this subject further in the Competitive Dynamics section.

The Financial Inclusion Journey

By numerous standards, Ghana has seen a substantial increase in access to – and usage of – digital financial accounts. According to Findex, 68.2% of Ghanaian adults had access to a digitally accessible account as of 2021; ten years prior, only 29.4% did so. Usage has also skyrocketed: 65.6% of adults received or sent a digital payment in 2021, up from 25.6% in 2014.

This increase has been pushed by the emergence of the mobile money sector following new BoG regulations in 2015. The percentage of adults with a mobile money account jumped from 13% in 2014 to 39% in 2017, and then to 59.7% by 2021.

Figure 3. Access to Financial Accounts, 2011–21				
Account (Total)	2011	2014	2017	2021
Account (% age 15+)	29.43	41.51	57.72	68.23
Account, female (% age 15+)	27.09	39.38	53.72	62.58
Account, male (% age 15+)	31.85	41.67	61.79	74.18
Mobile Money Account	2011	2014	2017	2021
Mobile money account (% age 15+)	..	13.01	38.95	59.69
Mobile money account, female (% age 15+)	..	11.84	33.79	55.00
Mobile money account, male (% age 15+)	..	14.21	44.21	64.62
Financial Institution Account	2011	2014	2017	2021
Financial institution account (% age 15+)	29.43	34.62	42.28	39.20
Financial institution account, female (% age 15+)	27.09	33.99	38.36	31.51
Financial institution account, male (% age 15+)	31.85	35.27	46.29	47.29

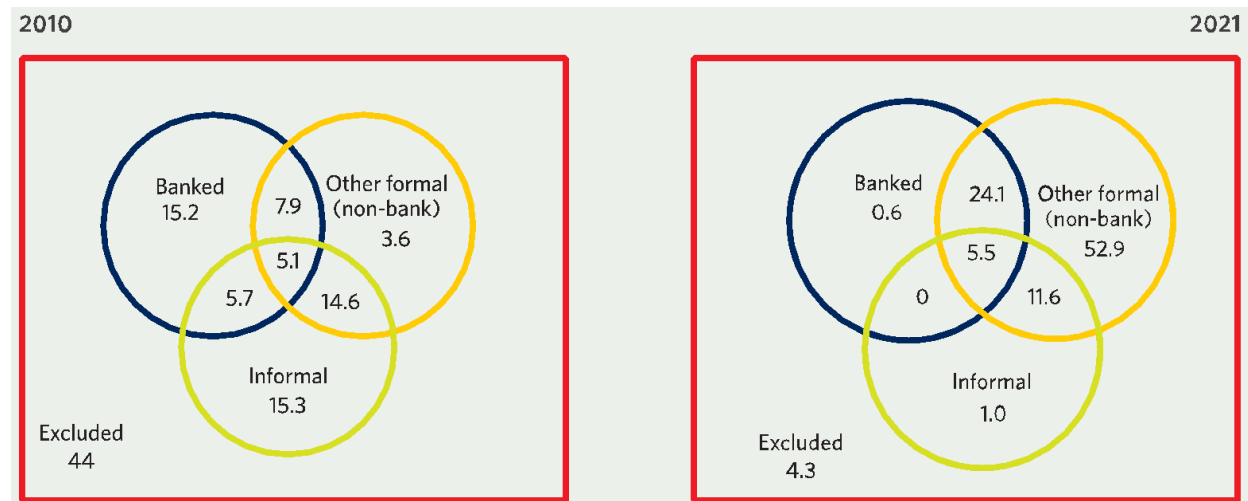
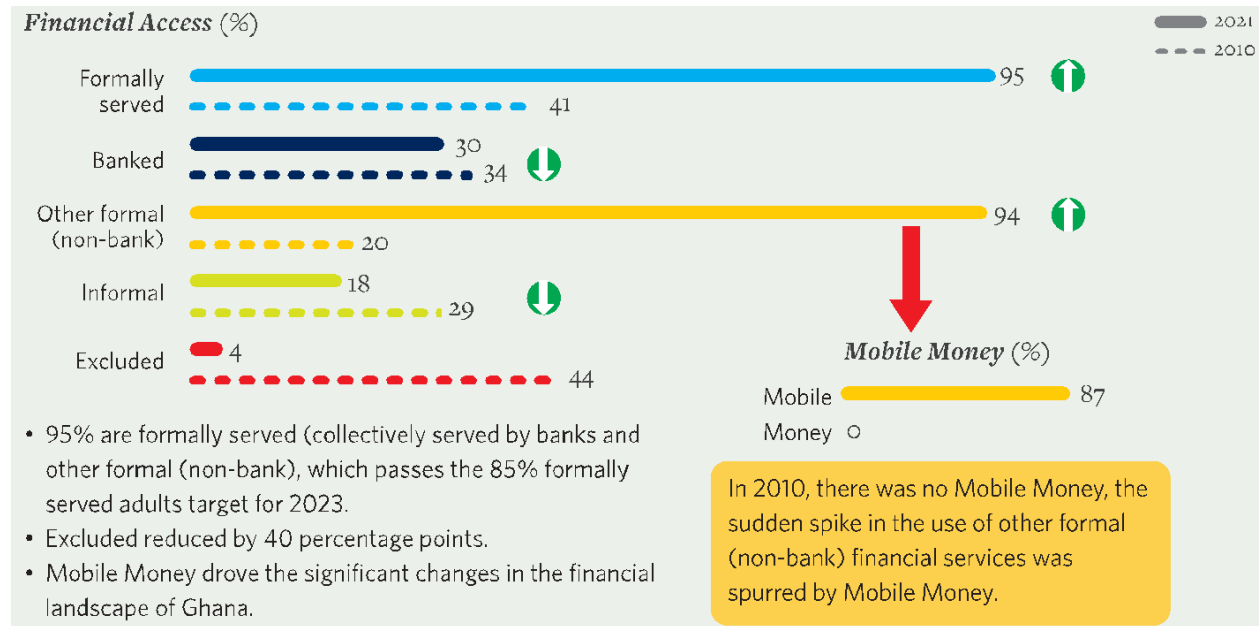
Source: Findex 2021

Ghana’s Finscope 2021,⁵ produces an even more positive picture of growth, underscoring the transformational role that mobile money has played in Ghana. Interestingly, the percentage of adults that use banks declined, from 34% in 2010 to 30% in 2021.

As of 2021, only 0.6% of adults exclusively use banks for their financial needs, down from 15.2% in 2010. Over the same period, the proportion that reported using nonbanks exclusively surged from 3.6% to 52.9%.

⁵ Finscope (2021) was sponsored by Ghana’s Ministry of Finance.








Figure 4. Measures of Access to Financial Services



Source: Finscope (2021)

Mobile money agents – commonly based at airtime retailers, shops, and kiosks – are the most accessible financial-services channel for Ghanaians, while ATMs and branches are the least accessible. As the following graphic indicates, nearly all urban dwellers and over three-quarters of rural residents live within a half hour of a mobile money agent.

Figure 5. Percentage of Adults with Access to Different Financial Channels

	Less than 30 mins		30 mins - 1hr		1hr - 2hrs		More than 2hrs	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Mobile Money agent 	92	76	5	9	1	5	2	10
ATM 	52	18	17	16	7	14	24	52
Bank 	61	24	18	22	7	14	14	40
MicroFinance Institution (MFI) 	49	23	14	18	6	12	31	47
Public transport/ Bus stops 	86	64	8	15	2	9	4	12
Market 	79	53	14	21	4	10	3	16
Bill payment point 	74	38	15	18	3	13	8	31

Source: Finscope (2021)

Ghanaians seem to be increasingly using mobile money also as a proxy savings instrument. The percentage of adults who claim to save at nonbanks increased from 9% in 2010 to 48% in 2021.

The average balance left on active mobile money accounts rose from US\$23 in January 2020 to US\$55.14 in April 2023.⁶

Policy and Regulatory Approaches

National Policies

Ghana's commitment to digital financial services was further underscored by the National Financial Inclusion and Development Strategy 2018-2023. The NFIDS, as it's known, set the target of ensuring that 85% of adults had a digital financial account by the end of 2023,⁷ through policies and investments designed to spur digital services and enhance financial infrastructure. A national coordination structure, headed by the Ministry of Finance, has been created to monitor implementation.

The Digital Financial Services (DFS) Policy and the Digital Payments Roadmap complement the NFIDS. The DFS policy proposes 43 actions to support innovation, competition and inclusion, and to enhance digital infrastructure. The actions are divided into six thematic areas: governance; regulation; capacity building; market infrastructure; digital payment use cases; and fintech.

⁶ Bank of Ghana, Fintech Statistics

⁷ According to Finscope (2021), this target has already been achieved, largely due to mobile money.

BoG has published four editions of its National Payment System (NPS) Strategy, the most recent one covering the period 2019-2024. Previous editions of the NPS Strategy had laid the groundwork for such achievements as the creation of the Payment Systems Advisory Committee and the implementation of the instant payment system for banks, GhIPSS Instant Pay (GIP).

The focus of the NPS Strategy is on supporting the further formalization of the economy and reducing the use of cash. It has identified eight strategic priorities:

1. A clear and comprehensive regulatory and governance framework
2. A free, competitive, and orderly payment system marketplace
3. Safe and efficient payment systems that foster confidence and encourage usage
4. Financial inclusion
5. Promotion of financial technologies
6. Interoperability
7. Consumer trust
8. Integration of regional payment systems

Policy and strategy documents such as the NFIDS, DFS Policy, Digital Payments Roadmap, and NPS Strategy valuably encapsulated and advanced the vision for financial inclusion and development in Ghana. However, they did not form a cogent and holistic policy view for competition, market structure, and governance of market infrastructure.

The 2015 Guidelines on E-Money Issuers

In the early days of Ghana’s financial inclusion journey, mobile money providers had to team up with banks to offer services to the public, based on the 2008 Branchless Banking Guidelines. However, banks had little interest in such partnerships, and erected obstacles against the expansion of the mobile money market. The result of this “bank-led” approach was a long period of slow growth, in sharp contrast with the more dynamic mobile money trajectories of countries like Kenya and Tanzania.

All of this changed with BoG’s 2015 Guidelines on E-Money Issuers and Agents. This landmark regulation introduced much-needed guidelines on such basic DFS enablers as e-money issuers, the use of agents, and KYC protocols. It also provided for the licensing of nonbanks into the financial sector, as well as for interoperability in the e-money market. Crucially, it created an important new type of regulated entity, the DEMI. Through these and other provisions, Ghana had finally aligned itself with the best global practice in regulating e-money – and the ensuing flood of investments and growth was the result.

While the 2015 Guidelines represented an important step forward on several fronts, their initial implementation was anything but smooth. BoG did not gain full legal powers to license DEMIs until 2019, and banks opposed this new type of entity from the outset – such as by imposing unfavorable terms and conditions on DEMI bank accounts, and lobbying for stricter regulation of the nascent subsector.

Even with these hindrances, the 2015 Guidelines had a profound impact on the market. Knowledgeable observers broadly agree that they have represented the most consequential and beneficial policy measure to spur financial inclusion in Ghana, because they heightened competition and innovation without imposing undue red tape or compliance costs. As indicated earlier, the 2015 regulations had a measurable positive impact on financial inclusion, as seen in the Findex and Finscope indicators.

Mobile Money Interoperability (MMI)

The digitization and interoperability of financial services is an explicit policy goal in Ghana, and a BoG subsidiary – the Ghana Interbank Payment and Settlement System (GhIPSS) – is itself a primary operator in this important area.

GhIPSS was created in 2007 to operate retail payment systems that support financial inclusion. These include automated clearing house (ACH) payments; the Gh-link interbank switching and processing system; and the instant payment system used by banks, GIP.

In addition to being a system operator, GhIPSS has from its inception made efforts to design products that could be adopted by market participants to foster financial inclusion. The main example is e-zwich, a biometric stored-value card created in 2011.

GhIPSS' interoperability journey has been complex. Operating public infrastructure while simultaneously offering retail solutions to some market participants can seem to be conflicting objectives,⁸ and BoG's regulatory and supervisory approach to GhIPSS' role remains unclear in the eyes of many market participants.

To enhance competition, GhIPSS would ideally function – and be regulated and supervised – strictly as a financial market infrastructure, a role in which it has already made highly valuable contributions to the advancement of financial inclusion, as we will see later in this report.

In May 2018, GhIPSS created the Mobile Money Interoperability (MMI) framework, enabling interoperability among DEMIs, as well as between mobile money and bank accounts. This measure marked a significant step in increasing the usage of digital payments.

Before MMI, transfers across different DEMIs could only be carried out by using codes that were issued at agents or ATMs. By doing away with such a burdensome process, MMI immediately triggered an exponential growth of mobile money. Within just four months, the number of interoperable mobile money transactions increased from 90,000 to 800,000 – and would reach 2.27 million by the end of 2018.⁹ The total number of mobile money transactions jumped from 981.56 million in 2017 to 1.45 billion in 2018.¹⁰

Furthermore, MMI unshackled GhISS's Instant Pay function, known as GIP. This offering had been available since August 2015, but was gaining minimal traction in the marketplace; there had been only 184 GIP transactions in all of 2016. This unpromising start was partly due to some inherent limitations. GIP only linked bank accounts, but banks' participation was not mandatory. GIP was also getting subpar reviews for customer experience, and it had not expanded its transaction channels quickly enough from an initial focus on plastic cards.¹¹

The turning point for GIP came when it was connected to MMI in August 2018, which allowed transfers between mobile money and bank accounts. A phenomenal increase in GIP transactions ensued, from only 0.1 million in 2018 to 1.9 million in 2019, and 6.8 million in 2020, as shown in the illustration below.

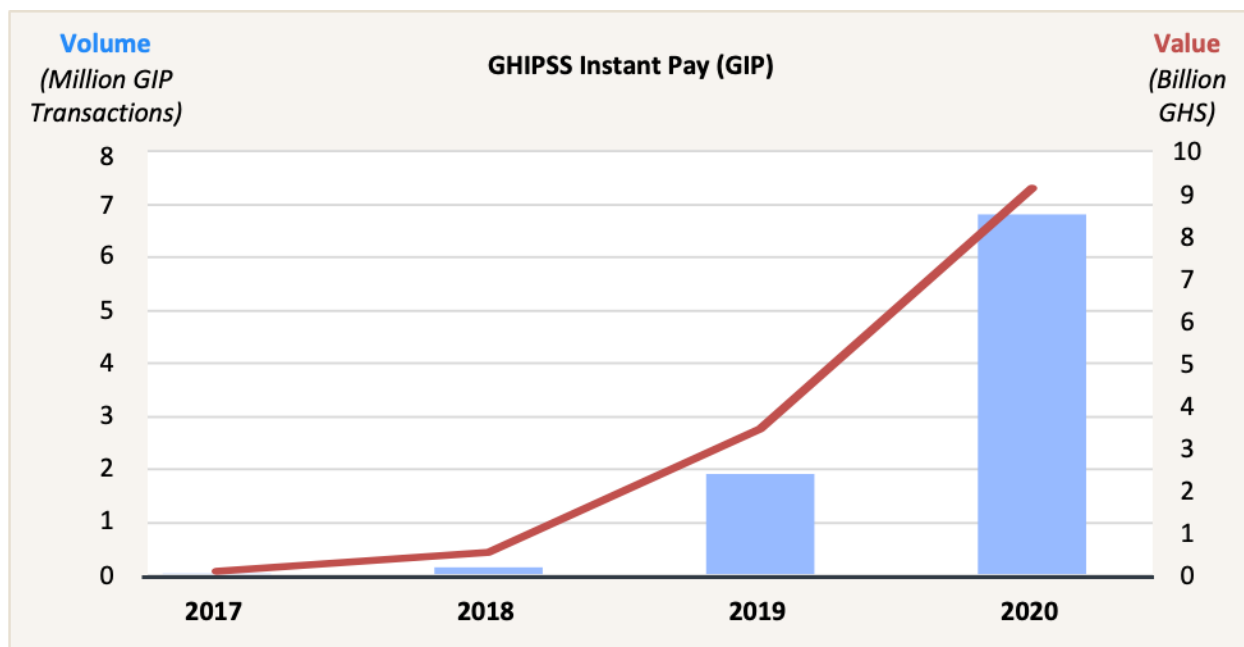
⁸ There is a Payment System Advisory Committee, created in 2019, that could ensure coherence of GhIPSS' strategy, but it is not clear how effective this committee has been.

⁹ GSMA (2020) and Bank of Ghana payments statistics

¹⁰ BoG (2019)

¹¹ AfricaNenda et al (2022)

Figure 6. Increase in GIP Transactions after Connection to MMI



Source: BoG (2020)

But this was just the beginning – in 2021, the number of GIP transactions shot up to 37.7 million, a leap that can be at least partially explained by COVID-19 and the preference for digital payments to avoid physical contact.

Payment System and Services Act (PSSA)

The Payment System and Services Act (PSSA) was enacted in 2019 to regulate a rapidly emerging fintech industry, and its effects have profoundly shaped Ghana’s campaign for broader financial inclusion.

The 2015 Guidelines were revoked and folded into the PSSA, which consolidated rules for every category of payment service providers – and clearly established BoG as the regulatory authority over all of them.

The PSSA created licensing tiers for PSPs (Enhanced, Medium, and Standard), with progressive entry and operational requirements. The Enhanced tier, with the strictest prerequisites, was reserved for DEMIs, while an additional entry-level tier with the most lenient requirements was created for Payment and Financial Technology Service Providers (PFTSPs).

Table 1. Licensing Categories Under the PSSA

Type	Examples of Permitted Activities
Dedicated e-money issuer (DEMI)	Person-to-person (P2P) transactions; cash deposits/withdrawals; domestic money transfers; partnership with regulated entities to offer investment, savings, credit, insurance, and pension products.
PSP Enhanced	All activities permitted for PSP Medium, plus some others, including: <ul style="list-style-type: none"> • Payment processing • Payment gateway services • Closed-loop virtual cards • Handling of incoming remittances
PSP Medium	All activities permitted for PSP Standard, plus some others, including connection to PSP Enhanced providers to offer point-of-sale deployment and merchant aggregation.
PSP Standard	Connection to PSP Enhanced to offer mobile payment apps. This licensing category is reserved for entities wholly owned by Ghanaians.
Payment and financial technology service provider (PFTSP)	<ul style="list-style-type: none"> • Digital-product development, delivery, and support services • Credit-scoring predictive analytics • Anti-money laundering and counterterrorism financing (AML/CFT) centralized platform • Fraud prevention and response services • Know-your-customer and customer due diligence (KYC/CDD) authentication services • - Connection to DEMIs, PSPs, banks, and other licensed entities

A primary motive of the PSSA was to support institutional diversity. It has indeed created avenues for entities of various size to enter the marketplace, and it has brought much-needed regulatory certainty by clarifying BoG’s power over retail payments.

However, it imposes relatively heavy licensing and authorization requirements. For example, PFTSPs – whose small size and nimbleness are crucial in supporting innovation – are not subject to any particularly onerous regulation or supervision in most countries including Brazil and India. In Ghana, however, PFTSPs that are likely to be systemic need to go through a potentially lengthy licensing process, and those that are not deemed systemic need to get a letter of no-objection from BoG. In other countries, some of the activities of PFTSPs are covered under bank outsourcing rules, which were not existing until recently.

Moreover, BoG often requires that new products of all regulated entities (unless they are variations of already existing products) are subject to prior approval, which, although a common practice in many African countries, is inconsistent with the desire to build a dynamic and competitive market. Such

requirements could undermine the appeal of the PFTSP model, and the development of innovative new products and business models.

Part of the reason why BoG adopted the above practices was to ensure the safety of third-party relationships in the financial system, considering the lack of an outsourcing regime. Such an approach could possibly change with the introduction of the outsourcing regulation passed in November 2024.¹²

Additionally, the PSSA contains a “local content” requirement that at least 30% of shares in PSPs be owned by Ghanaians, in order to foster domestic fintech capacities and prevent capital flight. This has created problems for companies seeking to leverage the resources and expertise of foreign fintechs. One Ghanaian bank was prohibited by BoG from teaming up with a well-known foreign fintech, since the proposed partnership was seen as a violation of the local content requirement.

Despite such strictures, many PSPs have already obtained licensed under the PSSA, as shown in the following table.

Table 2. Number of Entities by Type of License

Type of License	Number of Licensed Entities <i>(as of July 2024)</i>
DEMI	4 (plus MTN Mobile Money Limited, which had a "special dispensation" to continue operating and has since been fully licensed)
PSP-Enhanced	38
PSP-Medium	4
PSP-Standard	2
PFTSP	5

Source: BoG (<https://www.bog.gov.gh/fintech-innovation/approved-institutions>)

BoG Fintech and Innovation Office

Later in 2019, BoG created a new unit dedicated to the implementation of the newly passed PSSA, the Fintech and Innovation Office. In addition to licensing and supervising PSPs and fintech companies, this office has become BoG’s knowledge center on financial innovation, taking a leading role on most of the initiatives related to this vital subject.

The Fintech and Innovation Office has taken several steps to enhance agility and transparency. For instance, it has created an online licensing procedure for fintechs and PSPs to speed up applications;¹³ published a “licensing package” to facilitate applicants’ understanding of licensing requirements and processes; revamped data collection; improved the reporting of mobile money statistics on BoG’s website; assigned a “relationship officer” for each regulated entity; and created an online mechanism for external parties to book virtual appointments with BoG staff. As a result of such achievements, companies in the sector tend to hold the office in high regard.

¹² See [Bank of Ghana 2024](#)

¹³ <https://www.bog.gov.gh/fintech-innovation>

However, some problems remain. Despite the increasingly blurry lines between the bank and nonbank sectors, there is a disconnect between the Fintech and Innovation Office and other BoG departments, on various levels – knowledge, openness to innovation, dialogue with market participants, regulatory agenda, and internal procedures. In addition, BoG as a whole has struggled with delays in approving licensing and other applications, such as product approvals – a problem that seems mainly attributable to the requirement for providers to seek approvals and no-objection letters for many types of situations.

Regardless of the specific cause, such friction compromises the mission of the Fintech and Innovation Office, and of BoG as a whole, by discouraging the formation of new market competitors or impacting their competitiveness. The PSSA and the establishment of the Fintech and Innovation Office were powerful steps in the direction of greater competition and inclusion; modifications to the BoG processes will be necessary for realizing the full potential of these measures.

Policy Responses to COVID-19

The COVID-19 pandemic triggered targeted policies to further promote digital payments, including a COVID-19 aid package disbursed in 2020. At the onset of the pandemic, BoG took several actions, all linked to mobile money: increased daily and monthly transaction limits; increased account-balance limits; reduced transaction fees; and liberalized rules for KYC and remote onboarding.¹⁴

These and related measures immediately spurred the number of mobile money transactions, which increased 40.8% between the second and the third quarters of 2020.

Figure 7. Impact of Covid-19 Measures on Mobile Money Transactions



Source: Bank of Ghana (2020)

These actions not only show BoG’s commitment to adapt as needed, but also the central role played by mobile money, including for crisis management. By comparison, bank accounts were virtually not used

¹⁴ The change to the KYC rules were enabled by the issuing of the AML-CFT Act of 2020.

as an emergency policy tool during the COVID-19 pandemic – a further illustration of the increase in the importance of nonbanks in the financial lives of Ghanaians.

Taxation of Digital Transactions

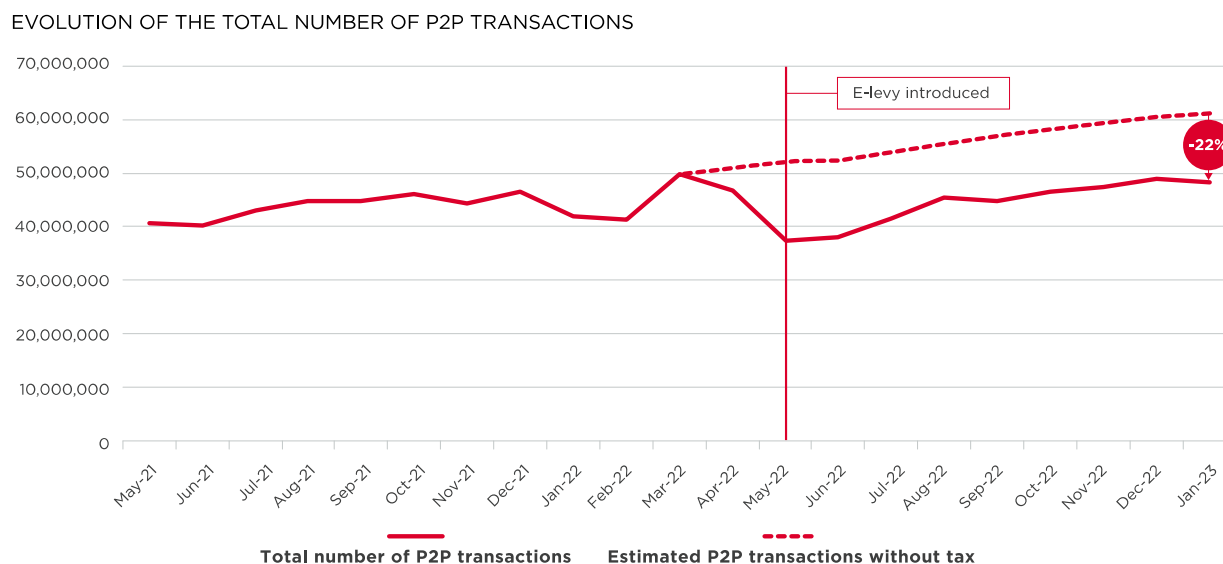
In May 2022, Ghana implemented the Electronic Transfer Levy, commonly referred to as the e-levy.¹⁵ Specific taxes on electronic transactions have been imposed in several other African countries, including Cameroon, Uganda, Chad, Ivory Coast, Kenya, Nigeria, and Tanzania. The law initially imposed a 1.5% charge on electronic transfers, though the rate was reduced to 1% in January 2023.

DEMI, PSPs, banks and other BoG-licensed entities must comply with the levy. Almost all types of transactions are affected, with some exceptions, such as small mobile money transactions; tax payments; and Ghana Card transfers between two accounts belonging to the same person.

This top-down measure, implemented with little public input, has proved counterproductive. The e-levy is inconsistent with Ghana’s plan to incentivize digital payments and reduce dependence on cash. Furthermore, it has not contributed to a significant increase in tax collection.

GSMA (2023) found that consumers reduced their use of mobile money by 25% on average immediately after the implementation of the e-levy in Ghana, reduced the average value of transactions, and increased cash-outs by 25% in number and 61% in value.

Figure 8. Impact of the e-Levy on Mobile Money Transaction Volume in Ghana

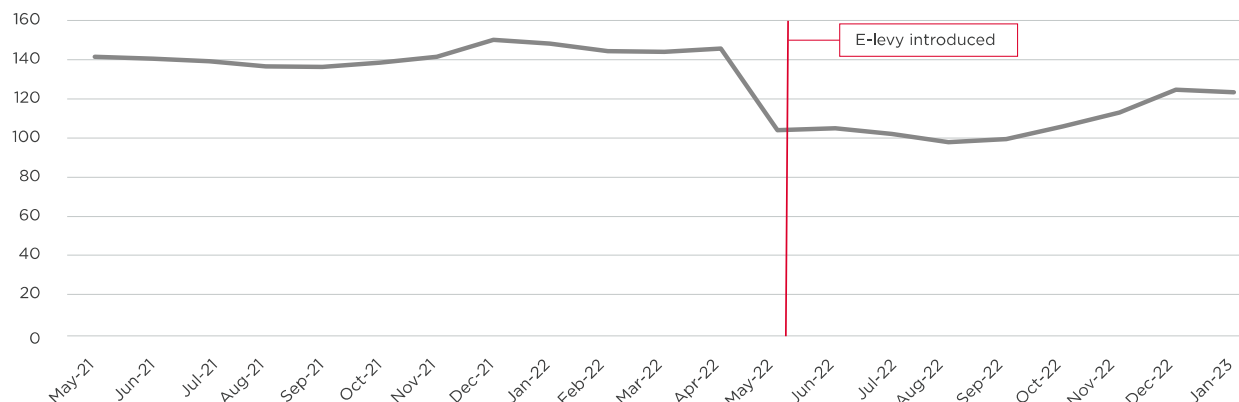


Source: GSMA Analysis of Mobile Money Operator Data (2023)

¹⁵ E-Levy Act (1075), amended by Act 1089, 2022.

Figure 9. Average Value of Mobile Money Transaction Value in Ghana

AVERAGE VALUE OF P2P TRANSACTION



Source: GSMA Analysis of Mobile Money Operator Data (2023)

MTN MoMo reported that the e-levy reduced its transactional volume by 16% within the first month; Vodafone saw a 50% reduction in transactional volume over the same period. Overall, mobile money revenues have fallen by up to 35% year-over-year, with revenues remaining 20% lower than the pre-tax level after 9 months. GSMA estimates that the contribution of e-levy to tax revenue will actually be negative, due to the contraction in usage of mobile money. The reduction of the e-levy from the initial 1.5% to 1% has helped, but it is still a burden on the sector and has yet to demonstrate any broader fiscal benefit.

Competition Policy and Competitive Dynamics

Despite controversial measures such as the e-levy, Ghana's policy and regulatory program has succeeded in supporting extraordinary gains in access to – and usage of – financial services. However, those achievements could probably have been even greater if there had been a holistic, strategic, consistently implemented, and clearly communicated vision for market structure and competition. An economy-wide competition authority would have an important role to play, in coordination with financial sector regulators, particularly BoG. However, Ghana does not have a national competition policy and no competition authority.

While there is a 2001 competition law called the Protection Against Unfair Competition Act, it is incomplete and there is no implementing authority. As far as the financial sector is concerned, BoG has legal authority to implement some pro-competition policies. For instance, BoG may submit market participants to special regulatory and supervisory treatment in the pursuit of pro-competitive goals, such as curbing the abuse of dominant positions and maximizing the security of the national payment system. However, the parameters of this framework are not clear. Likewise, the National Telecommunications Policy of 2004 has a section dedicated to competition, but it is considered outdated and lacking the force of a law.

Both the DFS Policy and the Digital Payments Roadmap recognize these gaps and call for the revision of the competition law and the introduction of a competition authority. Also, market participants report that greater interagency coordination to create clearer lines of responsibility for competition policy would be required.

This is particularly important because of the dominant position of MTN group across two economic sectors. MTN MoMo in 2023 held over 70% of mobile money accounts. Its parent company, MTN, accounted for 66.5% of the mobile voice market and 73.3% of the mobile data services market. Barring some intervention, these shares will likely continue to increase, leading to an even more dominant position of MTN.¹⁶

The company's market position is such that, as one fintech executive put it, "MTN MoMo has become a marketplace" unto itself. Nearly all types of market participants use – or seek to use – MTN MoMo's infrastructure to offer products and services. MTN MoMo has become a de facto financial market infrastructure, which further increases its market power.

Regardless, when companies seek bilateral agreements with MTN or MTN MoMo, they face an asymmetry in bargaining power, which could lead to unfavorable terms and conditions. For example, there has been limited take-up of number portability, and there have been suspicions that MTN imposes burdensome portability procedures so that clients end up giving it up. This issue has not been investigated by the authorities. Also, as MTN MoMo has become a marketplace for other players, system downtimes due to peaks in transaction volumes have caused system-wide disruptions. According to BoG, the bottleneck has been removed, and the disruptions have now been minimized.

Multiple market participants said they felt MTN MoMo's market position had created an unlevel playing field. They pointed out that a dominant player like MTN MoMo could be more heavily regulated. One example cited to bolster this point was the fact that BoG issued a special dispensation for MTN MoMo to allow the company to continue to operate even though it did not comply with the PSSA's local content requirement. BoG's decision in this matter was grounded in a recognition of MTN MoMo's size – hence, systemic importance. Halting its operations would disrupt the market and hurt consumers.

It is worth noting that BoG's approach has been consistent. It has granted conditional licenses for other operators as well. Furthermore, BoG has emphasized that the special dispensation issued to MTN MoMo is not permanent, and that all market players are expected to eventually comply with the whole set of entry and operating requirements prescribed in the PSSA¹⁷. In addition, BoG has imposed upon MTN MoMo a higher capital requirement in exchange for the dispensation, as well as other requirements, including pricing restrictions for interoperable transactions.

Despite BoG's efforts, the general perception is that MTN MoMo could abuse its dominant position. One potential option for BoG would be to formally designate and regulate MTN MoMo as a market infrastructure, subject to special rules that limit its market power and ensure system availability. Such rules could more clearly define areas such as special capital requirements; higher operational standards; fair access to infrastructure and data; and minimum standards for commercial partnerships.

¹⁶ AirtelTigo is not faring well in the market, and Vodafone has exited Ghana altogether (Ministry of Communications and Digitalisation, 2022)

¹⁷ In fact, MTN MoMo has, after the end of the research period for this report, been fully licensed.

Regardless, the financial sector could benefit from a more clearly articulated vision and approach to the structure, concentration and competition of banking, payments and credit markets, in addition to addressing the current competitive dynamics and the dominance of the MTN group. Our interviews reveal that outside the Fintech and Innovation Office, there is limited clarity regarding BoG's medium- and long-term objectives, or how specific initiatives (such as eCedi, discussed further below) are expected to impact regulated markets.

A similar approach could be considered to support fairer competition in the mobile telecommunications sector.

Emergent Issues

Like other countries worldwide, Ghana is contending with the forces of rapid technological, economic, and cultural change. These transformations have profound implications across society, including efforts to enhance financial inclusion. Below are some of the issues that will impact Ghana's financial inclusion journey in the years ahead.

Innovation Facilitators

In August 2022, BoG established a framework for its regulatory sandbox: limited-scale, supervised testing of fintech innovations. Any type of institution, including unregulated fintechs, can participate, but no foreign companies are allowed. It provides an opportunity for Ghanaian fintechs to test innovations, with potential waivers for some regulatory requirements, for the duration of their pilot phase. In selecting ventures for its sandbox, BoG is currently giving preference to innovations related to blockchain; crowdfunding; remittances, e-KYC; digital banking; and expansion of services to women and small businesses.

The impact of this regulatory sandbox is not yet clear, as it is still relatively new. However, market participants note that it is already helping to accelerate approvals. In this sense, the primary purpose of the sandbox for many companies is not necessarily to evaluate untested innovations whose regulatory status is unclear, but to submit new products for BoG's scrutiny at an earlier stage to avoid the long wait of the regular approval process.

In addition to the regulatory sandbox, the Fintech and Innovation Office at BoG has created the Innovation Hub, which manages a comprehensive web page¹⁸ featuring information on the regulatory sandbox; innovation-related events; and crowdfunding opportunities.

Similarly, Ghana's SEC has set up its own regulatory sandbox, which is being used much the same way as BoG's. For instance, one newly formed fintech company already received a license by SEC but was required to participate in the sandbox to test its "keep-the-change" product, which rounds up the cost of purchases and sweeps the additional value into investments. The company is still in the testbed and reports monthly to SEC, which conducts monthly inspections.

¹⁸ <https://www.bog.gov.gh/fintech-innovation/innovation-hub/>

Other Digital Payment Initiatives

Ghana is making efforts to digitize government-to-person (G2P) payments, including salary and social-benefit disbursements. Under the NPS Strategy 2018-2024, BoG would develop use cases for digital wage payments to public employees, using existing payments infrastructure. There is also a plan to impose fees on cash wage payments.

One important resource in the effort of digitizing government payments is the Ghana.gov website (www.ghana.gov.gh), an online portal that centralizes such services as passport issuance, as well as the payment of taxes and fees through the Ghana E-Payment Platform. Another is the Ghana Card, a digital ID rolled out by the National Identification Authority, NIA.¹⁹

GhQR is a standardized QR code created in 2020 to facilitate merchant payments. It has not yet been widely used, despite solid levels of participation among banks and nonbanks. Another innovation that shows promise but has yet to find its stride is GhanaPay, launched in June 2022. This is a mobile money platform for banks that offers free transactions. It has not yet been widely adopted, partly due to early challenges with user experience.

Access to Smart Phones

For all of the progress Ghana has achieved, part of the population still lacks access to even a mobile money account. According to Finscope, there are two primary barriers still standing for Ghanaians who haven't yet established an account. One is a lack of sufficient funds to deposit in the accounts. The other is the lack of access to a mobile phone capable of handling digital payments. While mobile money currently works on simple feature phones, mobile financial services are slowly shifting to smart phone interfaces. The Ministry of Communications and Digitisation does not publish statistics about smart phone ownership, but it ascertains that market penetration levels are still low.

Remittances

As mentioned earlier, remittances from abroad play a significant role in the economic lives of many Ghanaians. In February 2021, BoG issued the Guidelines for Inward Remittance Services by Payment Service Providers. These rules allowed DEMIs and enhanced PSPs to partner with money transfer operators to deliver remittances within their own distribution channels, without the need to partner with a bank.

This seemingly simple regulatory change seems to have had a concrete positive impact on the market, according to financial service providers and other market participants, but the data available does not permit further analysis.

Crowdfunding

Ghana until recently did not have any regulation for debt and equity crowdfunding, and the development of such guidelines was one of the action items in the Capital Markets Master Plan 2020-

¹⁹ No major issue with the Ghana Card was raised during our stakeholder interviews. The fees to access the system for ID verification seem to be acceptable for a range of players. For instance, a small fintech company is paying \$0.044 (GHS 0.5) per each ID verification; this fee varies according to the volume requested by each provider.

2029.²⁰ The SEC recently issued guidelines for equity crowdfunding,²¹ and had previously issued a sandbox license to a crowdfunding company focused on agriculture.

The BoG has issued a crowdfunding policy,²² but it covers only donations and rewards; it is unclear whether it will issue a regulation for the debt crowdfunding.

Open Finance

There is growing interest in open finance—the sharing among market participants of customer data, upon customer consent—and, in December 2024, BoG published a Draft Open Banking Directive for Regulated Financial Institutions.²³ This is based on the roadmap previously prepared by the Fintech and Innovation Office for open finance implementation, and it responds to the “Open data sharing” action item of the NPS Strategy 2018–24.

Meanwhile, there is already some data-sharing in the market, via bilateral agreements, mostly using application programming interfaces (APIs) rather than screen scraping. MTN MoMo, for instance, has created a commercial API platform for developers.

The lack of a regulatory framework for open finance can delay innovation and limit competition. For instance, a fintech startup seeking to offer a keep-the-change savings and investment mechanism wants to access payments data in client accounts held by banks. Due to the lack of an open finance scheme, it has decided to offer its own payment instrument so that client payment histories are built within its own systems. This is duplicative and potentially more costly, since it compels the company to compete in the payment business, rather than focusing on the keep-the-change product. It is therefore imperative that the draft directive be implemented soon.

Digital Assets and Central Bank Digital Currency

The regulation of digital assets and central bank digital currencies (CBDC) is still a novel area. There is no clear regulatory approach and agenda to address the tokenization of traditional assets, or the usage of cryptocurrencies. It is unclear whether, when and how BoG and the SEC will regulate digital assets and tokenized assets.

In 2018, BoG issued a notice to clarify that cryptocurrencies were not regulated, and to encourage the public to do business only with BoG-regulated entities,²⁴ but it has not gone much further since.

In November 2019, BoG publicly declared its intention to explore a CBDC. This has come to be known as the eCedi. This concept took off with the publication of a design paper²⁵ and the implementation of a pilot to test eCedi use cases. The results of this pilot have been published by BoG.²⁶ This initiative has initially focused on the payment function to be played by eCedi, to support retail payments using a token-based model, rather than providing BoG wallets directly to end users.

²⁰ SEC 2021

²¹ SEC 2024

²² <https://www.bog.gov.gh/fintech-innovation/innovation-hub/crowdfunding/>

²³ Bank of Ghana 2024a

²⁴ Bank of Ghana 2018a

²⁵ Bank of Ghana (2022a)

²⁶ <https://www.bog.gov.gh/wp-content/uploads/2024/10/The-eCedi-Report-221024.pdf>

The primary motivations for the eCedi include increasing digitization, financial inclusion, and security – and to counter the use of private digital currencies. BoG expects the eCedi to help increase efficiency of interoperability in mobile money, more specifically agent interoperability, which is deficient today. However, BoG could explore using eCedi as a wholesale currency and a digital public infrastructure. No decision has been taken whether and when to proceed to a full launch of the eCedi.

BoG’s Fintech and Innovation Office leads most projects related to innovation, including the eCedi, but while it has adopted a consultative approach for the design of the currency, it appears that different BoG departments are not fully aligned in their external communication about eCedi. In our interviews, we found that such uncertainty has caused some market participants to fear the impacts of e-Cedi, or to dismiss its potential.

Conclusion

Financial inclusion is an issue of considerable importance for Ghana. This is due in part to the severe economic challenges confronting the national economy, and in part to the fact that a large share of the population resides in rural communities that are historically at risk of financial, economic and social exclusion.

In an effort to address this need for more inclusive financial systems, the government, and in particular BoG, has placed a high priority on digitization and interoperability of payments, and this policy emphasis has borne fruit, helping to generate impressive gains in both access and usage.

One particularly important example of this is the growth of mobile money, abetted by shifts in payments regulation. This, in turn, has stimulated competition and better services to the population.

The landmark 2015 Guidelines was key to support the exponential growth of mobile money, making markets more inclusive. The PSSA, which supplanted the Guidelines in 2019, represented an important step forward in institutional diversity – and therefore for market competition, having been followed by the entry of numerous nonbank players.

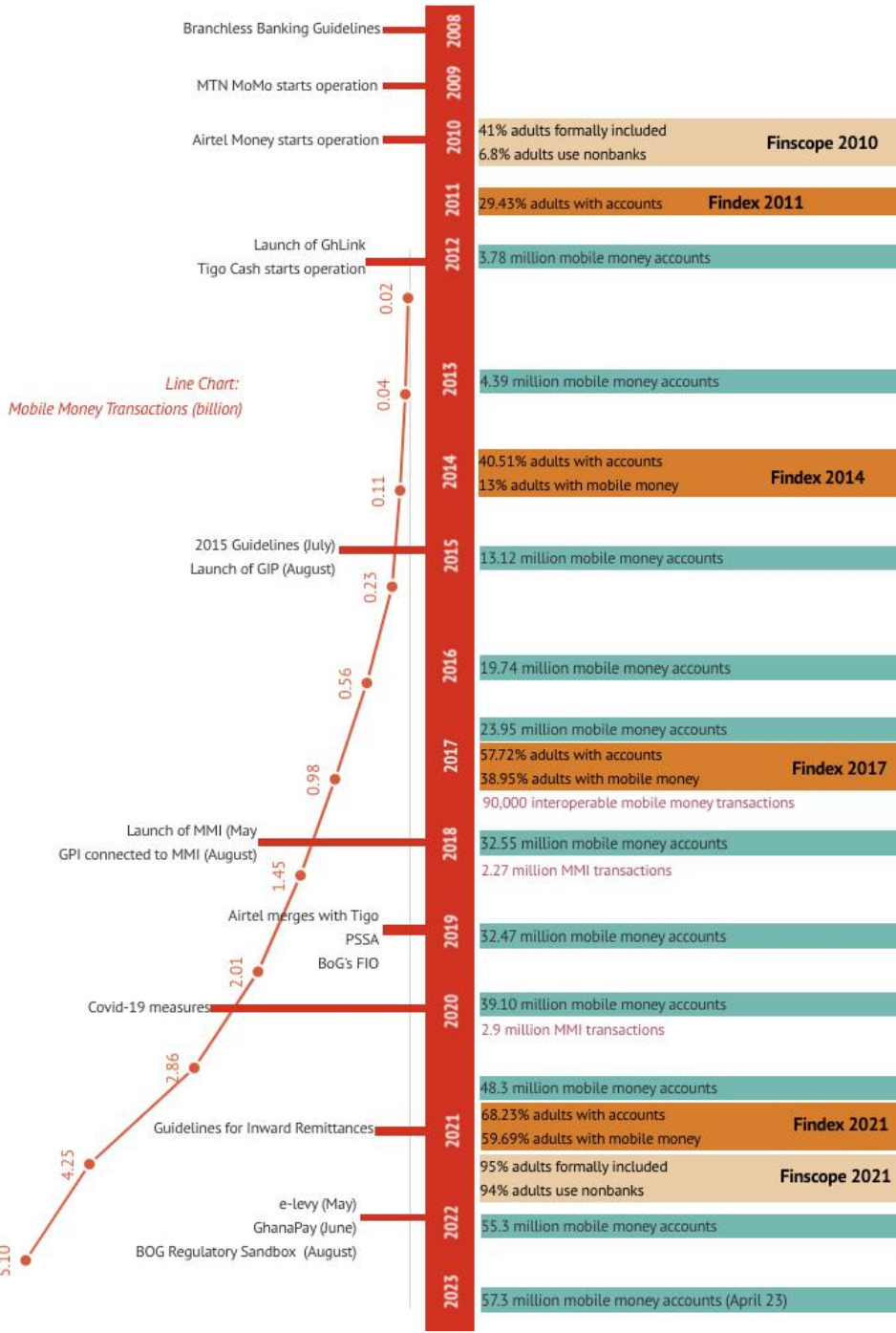
But the PSSA also illustrated a broader challenge that Ghana has faced at various points along its financial inclusion journey. Whereas the 2015 Guidelines had boosted competition with a relatively light regulatory hand, the PSSA took a heavier approach to licensing and authorization, which could delay growth and innovation by young fintechs. Also, Ghana has erred with the introduction of the e-levy, and is still grappling with the dominance of the MTN group in both the payments and the telecommunications sectors.

In short, Ghana’s achievements in expanding financial access could have been bolstered by a more consistent and clearly communicated vision for market structure and competition.

Yet even without such a vision, achievements remain quite substantial, and millions of Ghanaians have benefited materially as a result. If the country can fine-tune its approach, these gains are likely to expand over time.

Major Policies Mapped to Financial Inclusion Indicators

The figure below maps Ghana’s main policy and regulatory measures since 2008 to primary financial inclusion and market-development indicators.



Source: Created by the author

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