FINANCIAL STABILITY COUNCIL

FINANCIAL STABILITY REVIEW 2025

Theme:

From Stress to Stability, Staying on Course

Financial Stability Review
2025

Preface

The Financial Stability Review evaluates developments in Ghana's financial system, with emphasis on policies implemented to mitigate emerging risks to financial stability. This report is organised into eight (8) chapters: macro-financial developments, developments in Ghana's financial system, assessment of the Banking, Insurance, Securities, and Pensions Industries, financial sector resilience, and a special features section that highlights topical issues of relevance to financial stability. In this current edition, two new sections have been introduced – key Financial Stability Council (FSC) initiatives to promote financial stability are captured in Chapter 2, while the results of a Systemic Risk Survey are discussed in Chapter 7. The special feature discusses thematic issues on Ghana's 3rd Round of Mutual Evaluation, deposit insurance, microfinance sector reforms, emerging risks in the FinTech and payment systems sector, and green bonds regulation in Ghana.

The Financial Stability Review is a collaborative effort of the Bank of Ghana, Ministry of Finance, National Insurance Commission, Securities and Exchange Commission, National Pensions Regulatory Authority, Ghana Deposit Protection Corporation, and the Financial Intelligence Centre, under the auspices of the FSC. The report is compiled by the FSC Secretariat and published by the Communications Department of the Bank of Ghana.

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Abbreviations

AI	Artificial Intelligence
AML	Anti-Money Laundering
AUM	Assets Under Management
BCP	Business Continuity Plan
BNSSS	Basic National Social Security Scheme
BoG	Bank of Ghana
BOP	Balance of Payments
BSSI	Banking Sector Soundness Index
CAR	Capital Adequacy Ratio
CBs	Community Banks
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFT	Countering the Financing of Terrorism
CIS	Collective Investment Scheme
CMMP	Capital Market Master Plan
CMOs	Capital Market Operators
CPF	Combating Proliferation Financing
CRR	Cash Reserve Ratio
CSD	Central Securities Depository
CUs	Credit Unions
DDEP	Domestic Debt Exchange Programme
DEMIs	Dedicated Electronic Money Issuers
EMDEs	Emerging Market and Developing Economies
ESG	Environmental, Social and Governance
ETF	Exchange Traded Fund
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FSB	Financial Stability Board
FSC	Financial Stability Council
FSI	Financial Soundness Indicator
FSR	Financial Stability Review
FX	Foreign Exchange
GBF	Green Bond Framework
GCX	Ghana Commodity Exchange
GDP	Gross Domestic Product
GDPC	Ghana Deposit Protection Corporation
GFIM	Ghana Fixed Income Market
GFSR	Global Financial Stability Report
GH₵	Ghana Cedi
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
GIP	GhIPPS Instant Pay
GIS	Ghana Inter-bank Settlement
GoG	Government of Ghana
GSE	Ghana Stock Exchange
GSS	Ghana Statistical Service
ICMA	International Capital Market Association
ICT	Information and Communication Technology
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
ILS	Interim Liquidity Support
IMF	International Monetary Fund

IMTOs	International Money Transfer Operators
ISO	The International Organization for Standardization
LMPs	Last Mile Providers
ME	Mutual Evaluation
MFBs	Microfinance Banks
MoF	Ministry of Finance
MOU	Memorandum of Understanding
MT	Metric Tonnes
NBFI	Non-bank Financial Institutions
NDC	Nationally Determined Contributions
NIA	National Identification Authority
NIB	Non-Interest Banking
NIC	National Insurance Commission
NOP	Net Open Position
NPL	Non-Performing Loans
NPRA	National Pensions Regulatory Authority
OVA	Online Vendor Account
PDE	Pension Digital Ecosystem
PSPs	Payment Service Providers
RBC	Risk-Based Capital
RBP	Risk-Based Premium
RBSS	Risk-Based Supervision System
RCG	Regional Consultative Group
REITs	Real Estate Investment Trusts
RFI	Regulated Financial Institution
SDGs	Sustainable Development Goals
SDI	Specialised Deposit-Taking Institution
SEC	Securities and Exchange Commission
SRS	Systemic Risk Survey
SSA	Sub-Saharan Africa
SSNIT	Social Security and National Insurance Trust
TC	Technical Committee
US	United States
US$	United States Dollar
VASP	Virtual Asset Service Provider
WB	World Bank
WEO	World Economic Outlook

FOREWORD

This edition of the Financial Stability Review is themed: *From Stress to Stability, Staying on Course.* The theme reflects how the financial sector has navigated its way through the twin-stresses of macro-economic shocks and debt restructuring risks over the past few years to its current state of stability, and the resolve of financial regulators to stay on the course of stability over the medium term. Notwithstanding these gains, some risks persist in the outlook, particularly as the current stability has coincided with a low interest rate environment. Financial institutions are consequently reassessing their business models to adapt to evolving conditions and remain on a stable trajectory. In this regard, the coverage of the 2025 Financial Stability Review has been broadened to include Initiatives that the FSC has undertaken to promote financial stability and further develop the financial sector. In addition, the chapter on the assessment of resilience of the financial sector has been deepened with the results of a Systemic Risk Survey.

On the global front, growth held steady at 3.3% in 2025, matching 2024 levels, sustained by global disinflation and easing financial conditions, among others. Global headline inflation fell sharply to 4.1% in 2025 from 5.8% the previous year, driven by factors including softer commodity and energy prices, and a tight monetary policy stance. Near-term projections of global growth and inflation in 2026 will be constrained amid policy uncertainties, trade tensions, and escalating geopolitical risks.

Global financial stability conditions stabilised in 2025, albeit with some remaining vulnerabilities, including rising fiscal deficits, indirect spillovers from ongoing geopolitical tensions in the Middle East, and the growing interconnectedness of banks and non-bank financial institutions. Policy imperatives to address these vulnerabilities include ensuring fiscal discipline, enhancing bank/non-bank financial institutions supervision, and carefully monitoring solvency and liquidity risks in the non-bank financial institutions sector.

In Sub-Saharan Africa, growth stabilised at 4.1%, driven by macroeconomic reforms and higher prices for gold and other metals. Regional inflation improved to 13.1% from 20.3%, supported by improved financial conditions and tight monetary policies. Although inflationary pressures are expected to moderate further in 2026 as reforms strengthen, external shocks from geopolitical risks could weigh in on the pace of moderation.

Ghana's economy demonstrated resilience in 2025, with a real GDP growth of 6.0%, driven by services and agriculture. Headline inflation decreased sharply to 5.4% by year-end due to the Bank of Ghana's tight monetary policy stance, currency appreciation, and fiscal consolidation. The external sector and international reserves have strengthened to support currency stability and enhance resilience to shocks.

The financial sector in 2025 remained resilient, bolstered by strong profitability and solvency positions across all four financial industries. Various initiatives have also been undertaken to further strengthen the financial sector. Following the passage of the Virtual Assets Service Providers Act, 2025 (Act 1154), the FSC has initiated the development of a comprehensive risk-monitoring framework for the virtual asset landscape. The FSC intensified preparations for the GIABA Third Round of Mutual Evaluation, which the country is cautiously optimistic of a favorable outcome given

the dedicated attention to fostering an enabling AML/CFT/CPF regime. A Memorandum of Understanding (MOU) has also been signed between the FSC and the Ghana Statistical Service (GSS) for the development of a comprehensive real estate database. In addition, the Bank Listing Project is being undertaken with the formation of steering and technical committees to spearhead the implementation of the project.

To consolidate the gains in 2025, financial sector regulators would continue to collaborate under the auspices of the FSC to foster policy coordination among member institutions to preserve and promote financial stability, while promoting the development of the sector.

In conclusion, I extend sincere thanks to FSC members, the Technical Committee, Working Groups, and Secretariat for their invaluable contributions to this Review and to our broader shared mission of promoting financial system resilience.

Dr. Johnson P. Asiama
Chairman of the Council

The Financial Stability Council

Structure of the Financial Stability Council

The Financial Stability Advisory Council is an inter-institutional consultative coordination body mandated to strengthen and reinforce the stability of the financial sector. Established in 2018 through an Executive Order, the institutional structure of the Financial Stability Council (FSC) is designed to promote coordinated oversight of the financial sector. The FSC comprises the Bank of Ghana (BoG), Securities and Exchange Commission (SEC), National Insurance Commission (NIC), National Pensions Regulatory Authority (NPRA), Ministry of Finance (MoF), and Ghana Deposit Protection Corporation (GDPC). The Financial Intelligence Centre (FIC) supports the work of the FSC at the Technical Committee level. The Council, which is the apex body, is composed of the Governor of the BoG, who serves as the Chairperson, the Deputy Governor of the BoG responsible for financial stability, the Deputy Minister of Finance in charge of the financial sector, the Commissioner of the NIC, the Director General of the SEC, the Chief Executive Officer (CEO) of the NPRA, and the CEO of the GDPC.

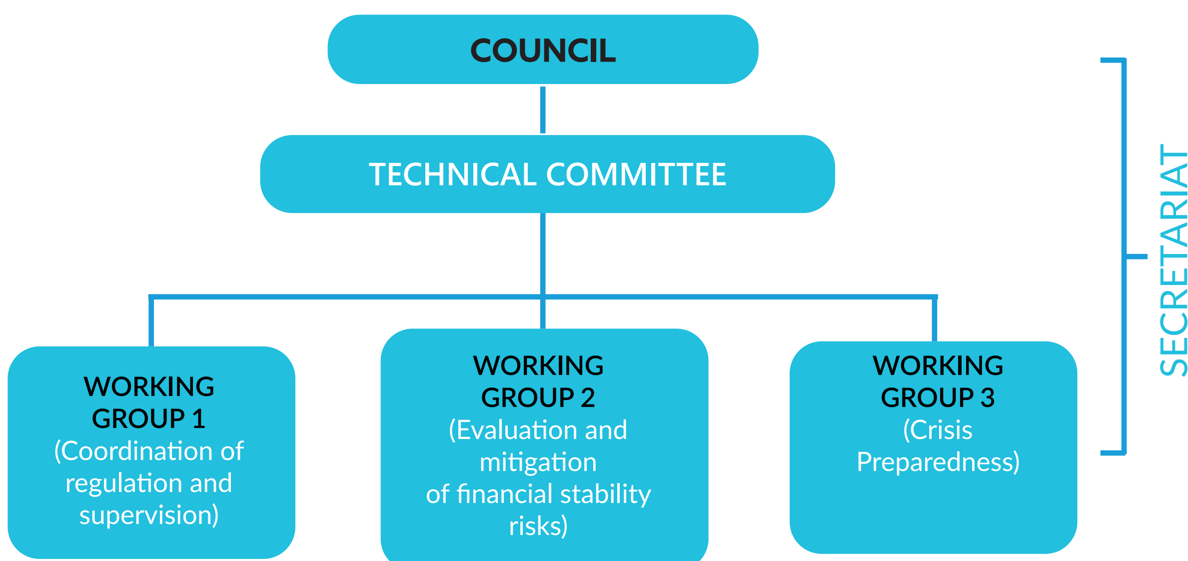
The High-Level Council is supported by a Technical Committee, which oversees the work of three Working Groups, all under the coordination of a dedicated Secretariat. The Technical Committee (TC) comprises senior representatives from all member institutions. The TC supervises the working groups' assignments and proposes recommendations to the High-level Council.

The Working Groups, also composed of representatives from member institutions, undertake analytical tasks assigned by the TC in line with their respective mandates. The activities and the work programme of the FSC are coordinated by its Secretariat. The FSC's work programme is organised around the three key pillars under the Memorandum of Understanding (MOU) as follows:

Pillar I: The coordination of regulation and supervision at the micro-level pillar, which focuses on matters of common concern for the various financial regulators involved in the regulation and supervision of financial entities in Ghana (Working Group 1).

Pillar II: The evaluation and mitigation of financial stability risks pillar, which focuses on the timely detection and mitigation of risks to the stability of Ghana's financial system at the macro level (Working Group 2).

Pillar III: The crisis preparedness pillar, which focuses on assessing the legal and regulatory framework for resolution, procedures, and training on crisis preparedness, and crisis simulation exercises (Working Group 3).



The FSC remains committed to its mandate of strengthening the resilience of the financial system. At the maiden meeting of the new Council in June 2025, the Council, chaired by Dr. Johnson Pandit Asiama, Governor of the BoG, reaffirmed its commitment to strengthening Ghana's financial system through enhanced collaboration among member institutions. The Council held four meetings in all during the year to review developments within the financial sector and proposed initiatives to strengthen the stability of the financial sector, as discussed in Section 2.3.

The FSC Secretariat successfully convened multiple TC meetings and specialised working group sessions during the year, creating a structured platform for regulators, policymakers, and industry experts to deliberate on systemic risk issues. These sessions facilitated knowledge sharing, policy coordination, harmonisation of regulatory approaches, research, and joint assessment of systemic risks. The FSC demonstrated its commitment to transparency and accountability by issuing press releases after Council meetings. The issuance of press releases was to ensure greater transparency and enhance public awareness of ongoing efforts to safeguard financial stability.

Technical Committee Members

Mr. Louis Kwame Amo, MoF (Chair)
Mr. Wonder Adetor, MoF
Mr. Seth Nana Amoako, FIC
Mrs. Lucy Abebrese, FIC
Mr. Bernard Ohemeng-Baah, NIC
Mrs. Esther Armah, NIC

Dr. Jacob B. Aidoo, SEC
Mr. Emmanuel Mensah Thompson, SEC
Mr. Victor Azuma Mejida, NPRA
Mr. Hayford Amankwah, NPRA
Dr. Kwasi Osei-Yeboah, BoG
Mr. Ismail Adam, BoG

Mr. Clarence Blay, BoG
Mr. Desmond Agbogah, BoG
Mr. Emmanuel Asare, GDPC
Mr. Kwesi Attobrah, GDPC

Working Group Commitee Members

Working Group 1

Ms. Evelyn Essien, SEC (Chair)
Mr. Nana Osei Agyeman, NPRA
Mr. David Zira, NIC
Mr. Yao Letsa, BoG
Mr. Jacob Anyongmor, BoG
Mrs. Adeline Ocran, BoG
Mr. Robert Duodu, BoG

Working Group 2

Mr. Emmanuel Ansu-Gyeabour, BoG (Chair)
Mrs. Adela Pokuah Baniako, GDPC
Mr. David Botchway, SEC
Mr. Augustine Harun Jnr., NIC
Ms. Rosemary Estella Opandoh, NPRA
Mr. Prosper Awuni, MoF
Mr. Kojo Asare Bedjabeng, BoG
Ms. Doreen Asare, BoG

Working Group 3

Mr. John Sika, GDPC (Chair)
Mrs. Patience Arko-Boham, MoF
Mr. Rashid Nuhu, NIC
Mr. Caliis Nii Oman Badoo, SEC
Mr. Kwadwo Agyemang Twumasi Sarpong, BoG
Mr. Travis Fordjour, NPRA
Ms. Eugenia Otchere, BoG

Secretariat

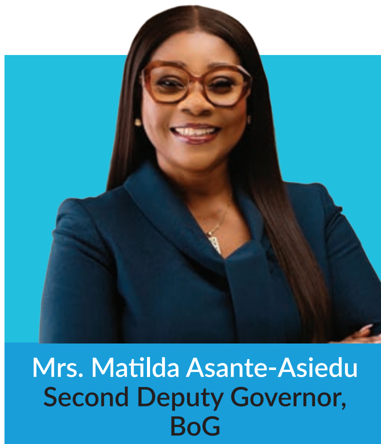
Dr. Kwasi Osei-Yeboah (Head)
Dr. John Dadzie
Mr. Gershon K. P. Incoom
Mr. Mawuli Kwaku Woanyah
Ms. Eugenia Otchere

Mr. Robert Otoo Duodu
Mr. Felix Abroquah Besseah
Mr. Richardson Arthur Yeboah
Ms. Doreen Asare
Mr. Emmanuel Oppong Ansu-Gyeabour

Mr. Kwadwo Gyima-Larbi
Mrs. Patricia Acquah
Mr. David Kow Efum Egyei Ekem

MEMBERS OF THE FINANCIAL STABILITY COUNCIL, 2025

Dr. Johnson P. Asiama
Governor, BoG (Chairman)



Mrs. Matilda Asante-Asiedu
Second Deputy Governor,
BoG

Hon. Thomas Nyarko Ampem
Deputy Minister of Finance,
MoF

Dr. Abiba Zakariah
Commissioner,
NIC

Hon. Dr. James Klutse Avedzi
Director-General,
SEC

Mr. Chris Boadi-Mensah
Chief Executive Officer,
NPRA

Mr. Galahad Alex Andoh (Esq.)
Chief Executive Officer,
GDPC

Executive Summary

Global economic conditions were broadly favourable in 2025. Global real GDP growth remained strong at 3.3%, unchanged from the growth in 2024. Continued disinflation, easing financial conditions, and substantial equity gains contributed to this growth outcome. Global inflation also eased to 4.1% from 5.8% in 2024, supported by lower energy and commodity prices. The sustained improvements in global growth and inflation contributed positively to global financial stability. Notwithstanding the current stability, financial system participants should remain cautious, as risks may spread through the growing interconnectedness between banks and non-bank financial institutions, rising fiscal deficits, valuation pressures in asset prices, and the rapid adoption of stablecoins. To mitigate these risks to global financial stability, central banks must cautiously ease monetary policy to contain valuation pressures in risky assets, especially in high inflation-prone countries, intensify fiscal consolidation and debt sustainability measures, and monitor banks' exposures to non-bank financial institutions to prevent potential solvency and liquidity spillovers to the wider financial system.

Real GDP growth in Sub-Saharan Africa (SSA) was 4.1% in 2025, similar to that of 2024. However, growth-constraining challenges persist, such as tight external financing, weak commodity markets, and fiscal and monetary imbalances, and must, therefore, be addressed. Inflation in SSA is estimated at 13.1% in 2025 from 20.3% in 2024, supported by improving financial conditions and waning price pressures across many SSA economies. The macroeconomic gains notwithstanding, key threats to financial stability exist, including sovereign debt pressures amid rising sovereign-financial sector nexus, climate-related financial risks, the growing adoption of cryptocurrencies and stablecoins, cybersecurity risk, and the use of Artificial Intelligence (AI) in the financial sector. The ongoing geopolitical risks also present external risks to SSA countries, and regional cooperation efforts must be intensified to address financial stability risks.

Domestically, real GDP growth was stronger at 6.0% in 2025, compared with the 5.8% recorded in 2024. This sustained performance was driven by robust growth in the services and agriculture sectors. Inflation eased significantly, to 5.4% in December 2025, from 23.8% in December 2024, underpinned by tight monetary policy, fiscal consolidation efforts, and domestic currency appreciation. Interest rates also declined sharply in line with the Central Bank's easing monetary policy stance. The external sector grew strongly on account of higher gold exports and contributed to the strong gross international reserves build-up of 5.7 months import cover.

The banking industry witnessed asset growth and improvement in financial soundness in 2025, on the back of strong profitability, recapitalisation, and sustained liquidity within a favourable macroeconomy. Asset quality improved, but NPLs remain high, prompting the BoG to issue directives to strengthen credit risk management and improve loan asset quality. The outlook of the banking industry remains positive, with expected strong economic growth, enhanced supervision, further improved capital buffers, and strengthening of risk management systems supporting its performance.

The insurance industry posted a stronger real growth in insurance revenues in 2025, supported by high solvency levels and sustained retention of premiums. Notable policies such as the compulsory local insurance for commercial cargo and the revamping of the motor insurance database are expected to further deepen the insurance business in Ghana. Looking ahead, the NIC aims to enhance access to insurance services and strengthen resilience and public trust through continued reforms and extensive stakeholder collaboration.

Driven by favourable macroeconomic conditions and strong investor sentiment across asset classes, the securities industry recorded a strong performance in 2025. The Ghana Stock Exchange (GSE) ended the reporting year as Africa's second-best performing market, on account of substantial gains in financial stocks, increased market capitalisation, and Cedi appreciation. The Ghana Fixed Income Market (GFIM) continued its strong recovery, consolidating gains from 2024, although activity was concentrated at the short end of the market. These broad rallies fostered optimism in the asset management segment, with industry assets reaching record highs. The SEC is implementing regulatory, supervisory, and market development policies to strengthen market integrity, enhance

investor protection, and strengthen the resilience of the capital market within the context of a favourable macroeconomic environment.

The pensions industry's growth in 2025 was remarkable, driven by strong expansion of private pension schemes, government's payment of contribution arrears, enforcement against defaulting employers, improved real returns, better compliance, and increased informal-sector enrolment. Portfolio diversification away from government securities toward equities and market instruments reflected a recovery in investment performance amid better macroeconomic conditions. Updated guidelines and the deployment of the Risk-Based Supervision Systems (RBSS) improved governance and compliance. Initiatives such as the establishment of an Informal Sector Directorate and boosting international engagement advanced sector development. The NPRA will focus on improving compliance, expanding informal sector coverage, and strengthening data systems to ensure retirement income security.

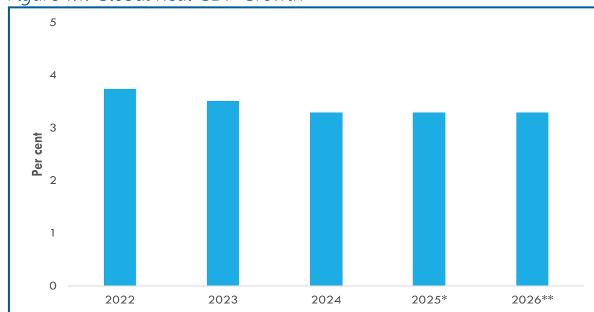
Overall, the financial sector recovered from the impact of the stress of the debt exchange and strengthened resilience and stability. Total financial sector assets reached GH₵647.25 billion, representing 45.1% of GDP. Sustenance of a sound macroeconomy will be key to engendering further growth and resilience of the sector. Financial sector regulators, through the FSC, would continue to develop policies to support growth and development, while continuing to identify risks and undertake regulatory policies to mitigate them.

CHAPTER 1: Macro-Financial Developments

1.1 Global Macroeconomic Developments

Global real GDP growth remained strong in 2025. Global real economic growth in 2025 is estimated at 3.3%, unchanged from the 2024 growth rate[1], but marginally higher than the initial estimate of 3.2% as at October 2025[2]. Drivers included, but were not limited to, continued global disinflation, easing of global financial conditions, and substantial gains in major equity indices.[3] In the outlook, the IMF's initial projected growth of 3.3% in 2026 may be constrained by the ongoing United States (US)-Israel war with Iran. Global growth is expected to be driven by the economic shocks from the geopolitical risks, as well as the divergent forces of shifting trade policy headwinds and tailwinds from surging investments related to technology.[4]

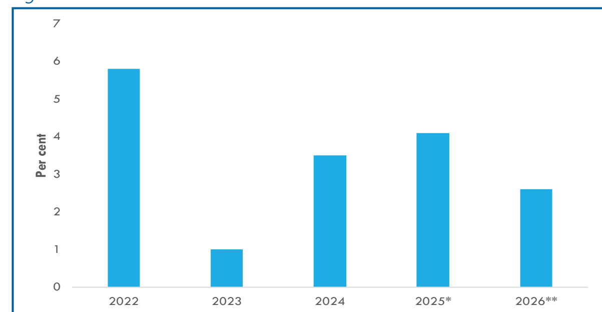
Figure 1.1: Global Real GDP Growth[5]



Source: IMF, World Economic Outlook Database, October 2025, and IMF, World Economic Outlook Update, January 2026

Growth in global trade increased in 2025 but is expected to decline in 2026. Growth in global trade volume increased to 4.1% in 2025 from 3.8% in 2024, partially attributable to the front-loading of consumption due to anticipated tariff increases. However, trade growth is expected to decline to 2.6% in 2026 due to trade disruptions in the Middle East from the ongoing geopolitical crisis.

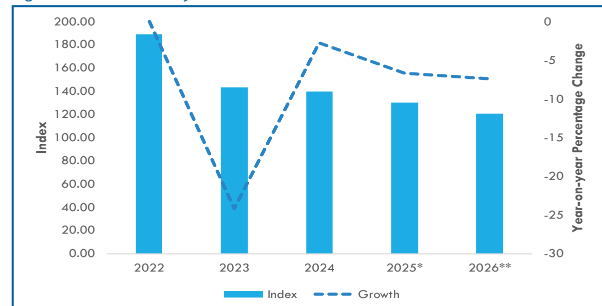
Figure 1.2 Global Trade Volume Growth



Source: IMF, World Economic Outlook Database, October 2025, and IMF, World Economic Outlook Update, January 2026

Broadly, commodity prices declined in 2025, continuing the downward trend in 2024. Year-on-year, average commodity prices are estimated to decline by 6.7% in 2025, following a 2.7% annual decline in 2024. The decline was partly due to weaker growth prospects as a result of tariff barriers and policy uncertainties.[6] Gold prices, however, increased significantly by 42.0% in 2025 as a result of increasing central bank purchases and strong investor demand amid elevated geopolitical tensions. Commodity prices, as at January 2026, were expected to decline by the end of the year, partly attributable to a projected decline in oil, agricultural products, and some major beverages, including cocoa and coffee. However, the recent conflict in the Middle East may alter the outlook should oil supply chains be disrupted for an extended period.

Figure 1.3 Commodity Prices

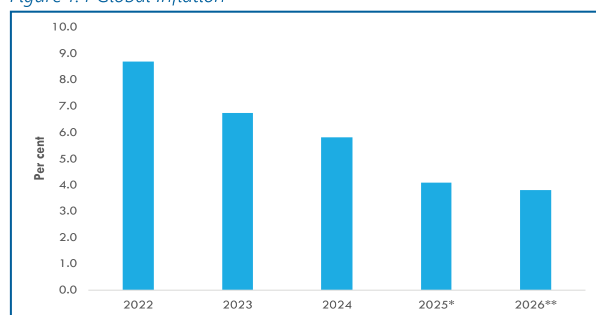


Source: World Bank, Global Economic Prospects, January 2026

[1] International Monetary Fund, World Economic Outlook, January 2026 Update (IMF, WEO, January 2026).
[2] International Monetary Fund, World Economic Outlook, October 2025 (IMF, WEO, October 2025).
[3] World Bank, Global Economic Prospects, January 2026.
[4] IMF, WEO, January 2026.
[5] Data for 2022 to 2024 is derived from the IMF, World Economic Outlook Database, October 2025. Data for 2025 to 2027 is derived from the IMF, World Economic Outlook Update, January 2026.
*Estimate
**Forecast
[6] World Bank, 2025, Global Economic Prospects, June 2025.

Global inflation eased further in 2025, but the disinflationary process could be halted by geo-political risks in 2026. Global headline inflation reduced to 4.1% in 2025 from 5.8% in 2024, with lower energy and commodity prices playing a substantial role in the decline. This progress led several EMDE central banks to ease policy rates. In 2026, easing wage pressures and the deceleration in global aggregate demand were expected to further reduce inflation in 2026. However, the recent conflict in the Middle East could materially change the outlook. Should the conflict be protracted, higher energy costs resulting from oil supply constraints could halt the disinflationary process. The outlook, therefore, largely depends on the magnitude and scope of plausible trade policy shifts, as well as geopolitical risks.[7]

Figure 1.4 Global Inflation



Source: IMF, World Economic Outlook Database, October 2025, and IMF, World Economic Outlook Update, January 2026

1.2 Developments In Global Financial Stability Risks

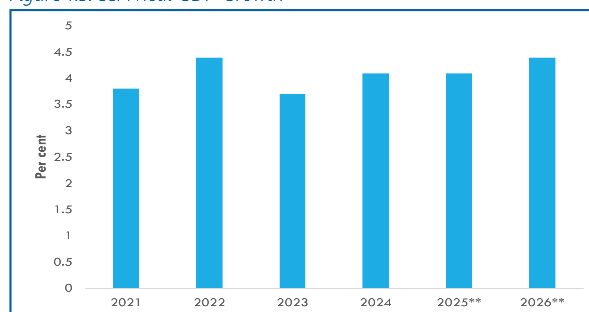
Financial conditions have stabilised, but some underlying vulnerabilities exist. The sustained strong global economic growth, decline in inflation, and monetary policy easing in 2025 have contributed to global financial stability. However, asset prices appear to be stretched from historical fundamentals. In addition, rising fiscal deficits remain a concern for investors, as reflected in higher sovereign spreads. Furthermore, contagion risk is increasing due to growing interconnectedness among banks and nonbanks, while the growth of stablecoins denominated in major international currencies could pose foreign exchange risks to exposed economies.[8]

To mitigate risks to global financial stability, central banks must remain vigilant to shifts in the financial system. To help moderate further valuation pressures in risk assets, particularly in jurisdictions susceptible to supply shocks with inflation levels considerably above targets, central banks must be cautious about the utilisation of expansionary monetary policy tools. Mitigating the upward pressure on sovereign bond yields would involve fiscal adjustments to lower government deficits. To build upon the resilience of banks to stress episodes, the implementation of Basel III and other accepted international standards would be pivotal. Reducing the potentially severe downside risks of stablecoin runs would require enhanced supervision and oversight of stablecoin arrangements. Finally, banks' exposures to non-bank financial institutions (NBFIs) should be carefully monitored to mitigate any solvency and liquidity issues that these institutions could transmit to the broader financial system.

1.3 Macroeconomic Developments In Sub-Saharan Africa

Consistent with the global trend, growth in SSA remained strong and unchanged, albeit uneven across countries. The IMF estimates SSA GDP growth at about 4.1% in 2025, similar to that of 2024, with a slight pickup expected in 2026. Growth, however, remains uneven, with reform-driven and diversified economies outperforming resource dependent and conflict affected countries. The region faces vulnerabilities, including tight external financing, weak commodity markets, and fiscal and monetary imbalances. Downside risks such as global trade uncertainty, soft demand, and high debt could constrain growth. Stronger revenue mobilisation, improved debt management, and structural reforms would be required to boost resilience.

Figure 1.5: SSA Real GDP Growth



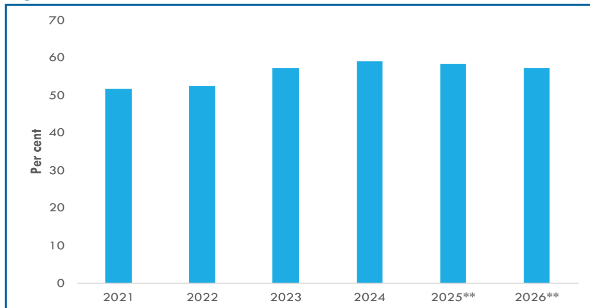
Source: IMF SSA Regional Economic Outlook, October 2025

While public-debt burdens are on the decline in SSA, some countries face high debt sustainability concerns. Public debt as a percentage of GDP is estimated to decline to 58.5% in 2025 and is forecasted to further reduce to 57.3% in 2026. However, public debt sustainability remains a central policy challenge in SSA. Public-debt service costs continue to rise, and interest payments relative to government revenue remain well above global averages, limiting room for development spending. Although some economies have seen modest improvements in market access, elevated borrowing costs and tight external financing conditions persist. These factors continue to weigh on debt sustainability across much of the region. The IMF stresses the importance of strengthening debt management frameworks, improving transparency, and maintaining prudent borrowing practices. In parallel,

[7] World Bank, Global Economic Prospects, January 2026.
[8] IMF, Global Financial Stability Report, Shifting Ground beneath the Calm, October 2025.

enhanced domestic revenue mobilisation, potentially increasing revenues by 2–3 percentage points of GDP, could help ease fiscal pressures. Overall, the outlook depicts a region seeking to preserve macroeconomic stability amid persistent debt vulnerabilities and limited fiscal buffers.

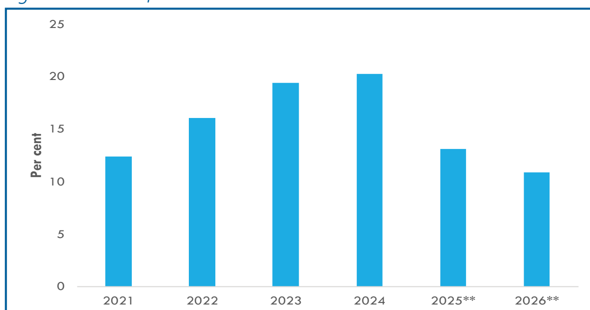
Figure 1.6: SSA Government Debt (% of GDP)



Source: IMF SSA Regional Economic Outlook, October 2025

Inflation in SSA is projected to ease gradually in 2025 to 13.1% from 20.3% in 2024. This is supported by improving financial conditions and waning price pressures across many economies. However, inflation remains elevated in several countries, with nearly one third of the region still experiencing double digit rates. Food price inflation continues to pose challenges, particularly in nations facing currency depreciation and adverse weather events. Although monetary policy tightening has helped stabilise price growth, fiscal constraints and high debt levels limit governments' ability to cushion consumers. Although inflationary pressures are expected to moderate further through 2026 as reforms strengthen, external conditions could weigh in on the pace of moderation.

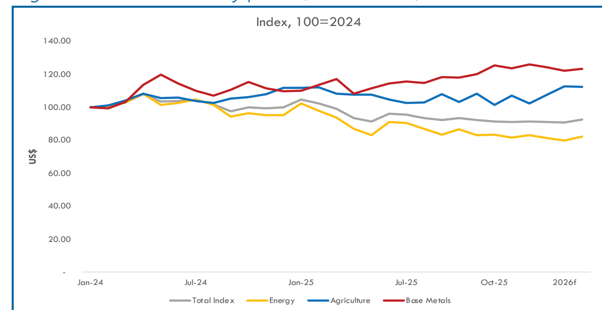
Figure 1.7: SSA Inflation



Source: IMF SSA Regional Economic Outlook, October 2025

The growth outturn in SSA was supported by higher-than-expected commodity prices for major exports, particularly in gold, other precious metals, and coffee. These stronger prices supported an improvement in regional growth, which rose to an estimated 4.1%, helped further by moderating inflation. However, the benefits were uneven, as industrial commodity exporters experienced slower growth despite the broader price uptick. Rising core inflation in some economies also tempered the gains, prompting mixed monetary policy responses. Overall, commodity price dynamics in 2025 reinforced both opportunities and persistent vulnerabilities within the region.

Figure 1.8: SSA Commodity prices (in US Dollars)



Source: IMF SSA Regional Economic Outlook, October 2025, and World Bank Global Economic Prospects, January 2026

1.4 Developments in Sub-Saharan Africa's Financial Stability Risks

Sovereign debt pressures and rising sovereign-bank nexus remain key threats to financial stability in SSA. Countries across SSA continue to contend with high sovereign exposures, driven by widening fiscal deficits, rising debt-servicing obligations, and muted investor demand for frontier market debt securities. In addition, the banking sector continues to hold rising levels of these sovereign exposures. Together, these factors could elevate refinancing risks, increase the likelihood of debt distress in such economies, and potentially cause financial stability risks should any debt restructuring occur to resolve debt sustainability concerns.

Related to the above, non-bank financial institutions are increasingly exposed to the sovereign in most SSA countries. The IMF Global Financial Stability Report highlights that emerging and frontier markets are increasingly dependent on domestic investors to absorb sovereign debt. Thus, besides banks, non-bank financial institutions (NBFIs) such as insurance companies, capital market operators (CMOs), and pension funds hold substantial levels of sovereign debt, a reliance that can exacerbate volatility during periods of stress.

Limited policy flexibility weakens resilience to financial stability risks. Many SSA economies are exposed to global and regional economic shocks due to their commodity-dependent small open economies. However, in most of these countries, constrained fiscal and monetary space limits their capacity to respond effectively to external shocks or deploy countercyclical policies amid sustained global and regional uncertainties.

There are other emerging financial stability risks on the horizon. These include climate-related financial

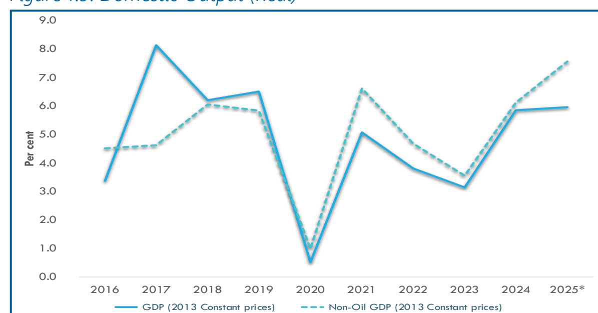
risks, the growing adoption of cryptocurrencies and stablecoins in SSA countries, cybersecurity risks, and the use of Artificial Intelligence (AI) in the financial sector.

SSA countries are strengthening regional cooperation efforts in addressing these existing and emerging risks. The Financial Stability Board Regional Consultative Group for Sub-Saharan Africa (FSB RCG SSA) continues to discuss and share ideas on these topical financial stability issues. The FSB RCG SSA in its recent meetings in Livingstone, Zambia in June 2025 and Zanzibar, Tanzania in February 2026 discussed global and regional financial vulnerabilities, the impact of debt and foreign exchange market pressures on financial stability; how private and public sectors can withstand the impact of extreme weather events, and the adoption of AI in financial institutions and central banks, among others. These peer-to-peer sessions are pivotal in fostering a shared commitment across the region to bolster financial resilience.

1.5 Domestic Macroeconomic Developments

Growth in economic activity was stronger in 2025. Real GDP grew by 6.0% in 2025, compared with the 5.8% recorded in 2024, surpassing the revised growth projection of 4.0%. Similarly, non-oil GDP grew by 7.6% in 2025, up from 6.1% in 2024. This strong performance was primarily driven by robust growth in the services and agriculture sectors, with respective year-on-year growth rates of 8.1% and 6.8%. The industry sector posted a relatively moderate growth of 2.3% in 2025. The overall strong growth in economic activity is expected to contribute to sustained improvements in household and corporate balance-sheet positions.

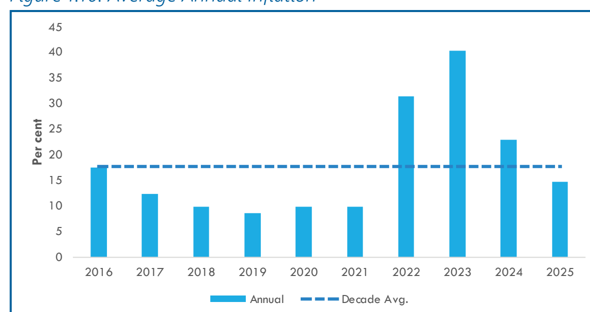
Figure 1.9: Domestic Output (Real)



Source: Ghana Statistical Service and Bank of Ghana

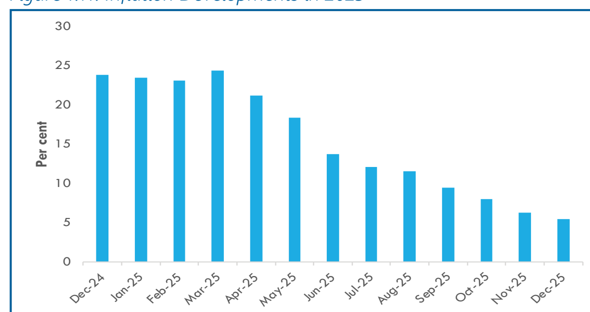
Inflation eased significantly during the year. Average annual inflation declined to 14.8% in 2025, compared to the 22.9% recorded in 2024. Headline inflation fell sharply to 5.4% (below the lower band target of 8±2%) in December 2025, from 23.8% in December 2024. The disinflation process was broad-based, underpinned by a tight monetary policy stance, fiscal consolidation efforts, and appreciation of the domestic currency. Inflation expectations across households and businesses remain well anchored and reflect improved macroeconomic fundamentals that may help reduce the impact of risks to the financial system.

Figure 1.10: Average Annual Inflation



Source: Ghana Statistical Service

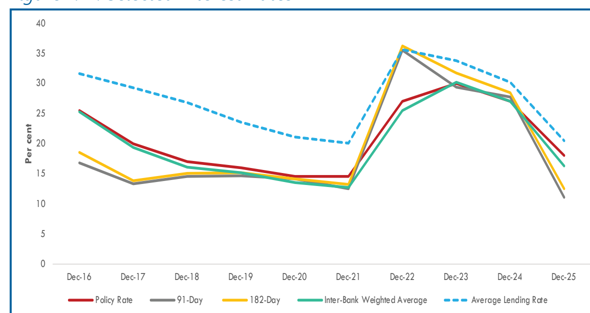
Figure 1.11: Inflation Developments in 2025



Source: Ghana Statistical Service

Interest rates declined sharply in tandem with inflation. The Monetary Policy Rate was cut by a cumulative 10 percentage points to 18.0% by end-2025 from a peak of 28.0% in March 2025. The interbank weighted average rate also declined to 16.3% in December 2025. Interest rates on Treasury bills also fell sharply, with Rates on the 91-day and 182-day instruments declining to 11.1% and 12.5% by end-2025, from respective rates of 27.7% and 28.4% in December 2024. These interest rate reductions led to a reduction in lending rates, with the average lending rate declining to 20.5% in December 2025, from 30.3% in December 2024.

Figure 1.12: Selected Interest Rates



Source: Bank of Ghana

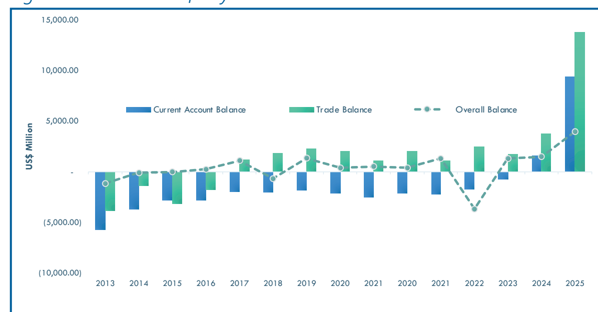
The strong economic growth and sharp reductions in inflation and interest rates are projected to enhance

debt servicing capacity of borrowers. It will also moderate potential vulnerabilities associated with income shocks and elevated leverage. Thus, overall, it will ease debt service burdens on existing borrowers, contribute to a gradual decline in loan default rates, and support financial stability.

The current account surplus improved significantly, partly on account of a higher trade account surplus. The trade balance surplus shot up to US$13.79 billion in 2025, from US$3.77 billion in 2024 on account of strong export earnings. Total merchandise exports increased by 63.0% to US$31.25 billion in 2025, driven by higher export earnings from gold and other key commodities. The strong growth in exports more than offset the 13.4% growth in total merchandise imports of US$17.45 billion in 2025, with the trade balance accordingly improving to US$9.39 billion in 2025, from the surplus of US$1.59 billion in 2024.

The overall balance of payments account improved significantly in 2025. The balance of payments (BOP) account recorded an overall surplus of US$3.98 billion in 2025, compared to a surplus of US$1.48 billion in 2024. The strong improvement in the BOP account is supported by the strong current account surplus. In the outlook, heightened geopolitical risks, if they persist, may disrupt trade routes and increase fiscal burdens, and impact on BOP performance.

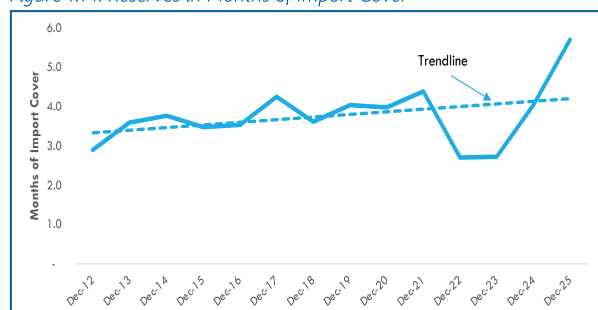
Figure 1.13: Balance of Payments



Source: Bank of Ghana

The Gross International Reserves accordingly increased significantly in 2025. Gross International Reserves increased to US$13.8 billion, equivalent to cover 5.7 months of imports, at end-December 2025, compared to US$9.1 billion, equivalent to 4.1 months import cover at end-December 2024, as shown in Figure 1.14.

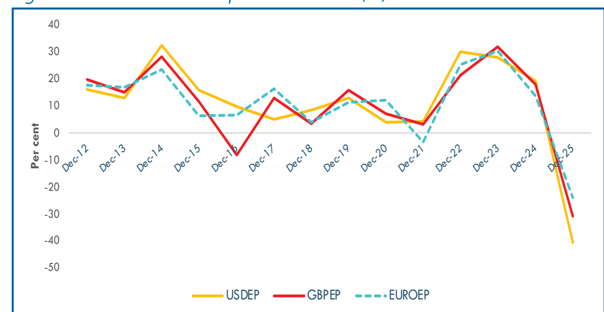
Figure 1.14: Reserves in Months of Import Cover



Source: Bank of Ghana

The Cedi appreciated in 2025 on account of the strong BOP performance and reserve accumulation efforts. The strong external sector performance reflected in the foreign exchange market, with the Ghana Cedi recording appreciable gains. Cumulatively, the Ghana Cedi appreciated by 40.7%, 30.9%, and 24.0% in 2025 against the US Dollar, British Pound, and Euro, compared to the 19.2%, 17.8%, and 13.7% depreciation, respectively, in 2024. The strong stability and appreciation of the domestic currency reflected prudent monetary policy, effective liquidity management, improved reserve accumulation, and favourable global conditions.

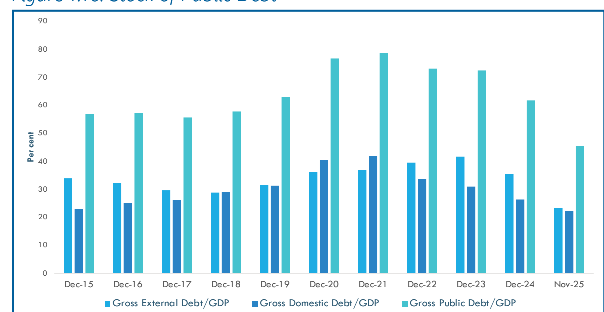
Figure 1.15: Y-o-Y Cedi Depreciation Rate (%)[9]



Source: Bank of Ghana

Public debt declined in both levels and ratios in 2025. The total public debt stock stood at GH₵641.00 billion (45.3% of GDP) at end-2025, compared to GH₵726.70 billion (61.8% of GDP) at end-2024. Of the total debt stock, domestic debt constituted GH₵333.80 billion (23.6% of GDP), while external debt constituted GH₵307.20 billion (21.7% of GDP). The decline in the public debt was attributed to strong fiscal consolidation, debt restructuring efforts and effective debt management, reduced borrowing costs, and appreciation of the local currency.

Figure 1.16: Stock of Public Debt



Source: Ministry of Finance and Bank of Ghana

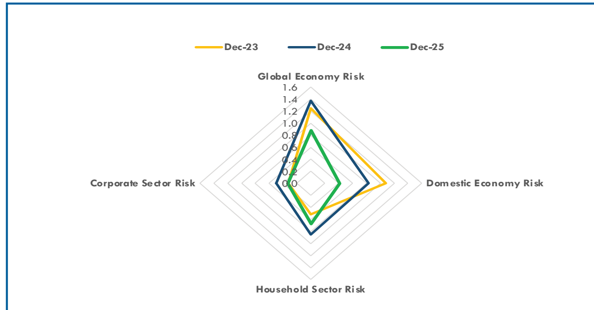
1.6 Developments in Domestic Financial Stability Risks

Macro-financial risks generally moderated in 2025 on the back of a favourable macro-economic environment. As shown in the macro-financial risk assessment map in Figure 1.17, risks from the global

[9]*Positive (+) in the chart indicates depreciation*

macroeconomic environment eased on the back of declining global inflation and lending rates. From the domestic environment, risks moderated on the back of lower inflation and public debt, an improved reserve position, and the appreciation of the Cedi. From the household and corporate sectors, risk reduced on the back of an improvement in their debt servicing capacity.

Figure 1.17: Macro-financial Risk Assessment Map, December 2023-2025[10]



Source: Bank of Ghana

In the outlook, macro-financial risks are expected to remain broadly stable. Risks from the global macroeconomic environment are expected to be subdued in the near term amid expected declines in global inflation and lending rates in advanced economies. However, the ongoing geopolitical tensions remain a key concern. On the domestic front, risks emanating from the domestic macroeconomic environment remain broadly contained, supported by favourable economic prospects, including strong growth projections, stable inflationary outlook, a broadly stable exchange rate, robust foreign reserve buffers, and ongoing fiscal consolidation efforts. Debt servicing capacity of households and corporates is also expected to improve, moderating credit risk in the banking sector.

[10]*Movement away from the origin indicates heightened risks.*

CHAPTER 2:

Developments in the Financial System of Ghana

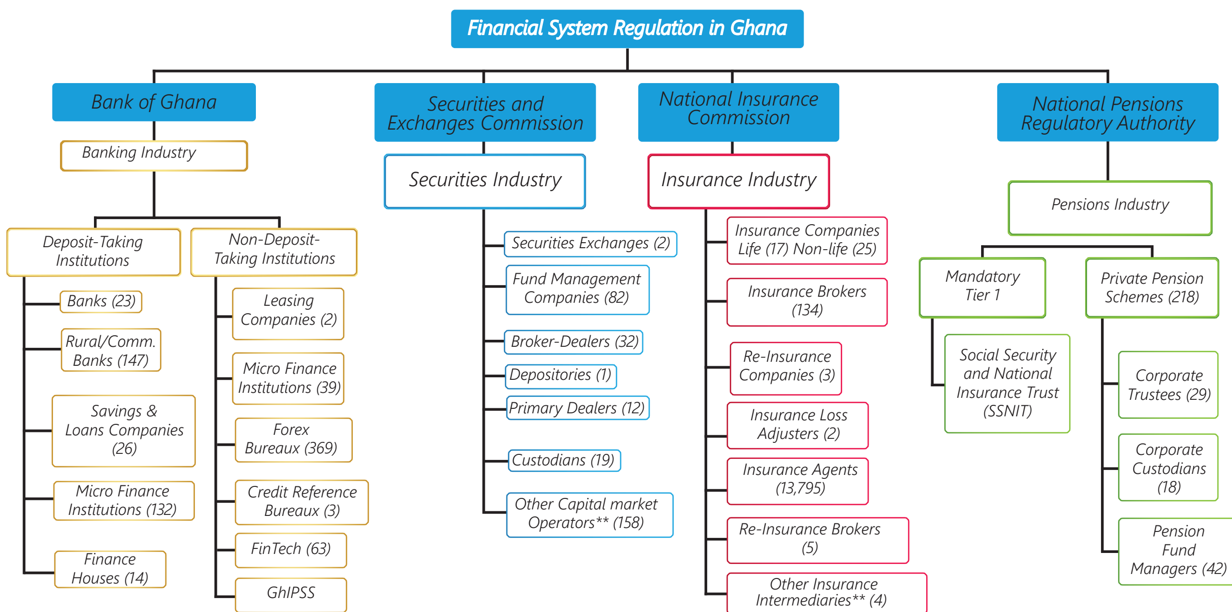
This section provides a brief review of the structure of the financial system in Ghana and the level of financial sector interconnectedness. It also provides key FSC initiatives to promote financial stability.

2.1 The Financial System of Ghana

The Ghanaian financial system comprises the banking, pensions, securities, and insurance industries, which are regulated in line with the sectoral model of financial regulation, with strong supervisory cooperation under the auspices of the FSC. The banking industry is regulated by the BoG and comprises both deposit-taking institutions (banks, rural and community banks, savings and loans companies, and deposit-taking microfinance institutions) and non-deposit-taking institutions (leasing companies, microfinance institutions, forex bureaux, FinTechs, credit bureaus, and payment system infrastructures). The SEC regulates the securities industry, which includes securities exchanges, fund management companies, broker-dealers, depositories, primary dealers, and custodians. The NIC regulates the insurance industry, comprising insurers, reinsurers, brokers, insurance agents, and loss adjusters.[11] The pensions industry is made up of a three-tier pensions scheme regulated by the NPRA. The Tier 1 is managed by the Social Security and National Insurance Trust (SSNIT), and the Tier 2 and Tier 3 are privately managed through the collaborative work of pensions trustees, pension fund managers, and custodians. These four regulators cooperate and share information through the FSC to ensure issues related to regulatory arbitrage are seamlessly dealt with, among others.

The structure of the financial system regulation in Ghana is presented in Figure 2.1, with the number of institutions within each segment as at end-December 2025 indicated in brackets.

Figure 2.1: Structure of the Financial System in Ghana



*Other Insurance Intermediaries include Insurance Loss Assessors, Technical Service Providers, etc.
**Other Capital Market Operators include Mutual Funds, Unit Trusts, Investment Advisers, REITs, Crowdfunding, Note Trustees, Credit Rating Agencies etc.

Source: Bank of Ghana

[11] *Health insurance is, however, regulated by the National Health Insurance Authority.*

Financial deepening improved marginally, with a slowdown in financial sector asset growth. Total financial sector assets grew by 23.2% to GH₵647.25 billion in 2025, compared with a year-on-year growth of 34.7% in 2024. The decline in asset growth reflects the moderation in the total asset growth in the banking industry. Despite the moderation in asset growth, financial sector depth improved slightly, with total assets representing 45.1% of GDP in 2025, up from 44.4% in 2024.

The banking industry dominates the financial system of Ghana in terms of total assets. In 2025, it accounted for 75.6% of total financial sector assets, compared with 76.4% in 2024. The pensions industry's share increased slightly to 16.8% in 2025 from 16.4% in the previous year. The securities industry also expanded its share to 4.2% from 3.8% over the same period. However, the insurance industry's share of total financial sector assets remained stable at 3.4% in 2025 compared with 2024.

Table 2.1: Assets of the Ghanaian Financial System

	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Banking Industry					
Total Assets (GH¢' M)	196,151.42	230,644.46	297,547.98	401,443.27	489,576.02
Growth Rate of Total Assets (%)	19.70	17.58	29.01	34.92	21.95
Asset/GDP (%)	42.49	37.54	33.52	33.94	34.14
Share of Financial System Assets (%)	75.32	75.91	76.26	76.38	75.52
Securities Industry					
Total Assets Under Management (excluding Pension Funds)- GH¢' M	14,766.66	14,366.60	15,721.86	20,006.43	27,883
Growth Rate-Assets Under Management (excluding Pension Funds)(%)	77.44	(2.71)	9.43	27.25	39.37
Total Assets Under Management (including Pension Funds)- GH¢' M	44,487.20	49,498.49	55,047.85	71,969.65	107,593
Total Assets (excluding Pension Funds) /GDP (%)	3.20	2.34	1.77	1.69	1.94
Share of Financial System Assets (%)	5.67	4.73	4.03	3.81	4.30
Insurance Industry					
Total Assets (GH¢' M)	9,950.70	12,236.37	15,102.60	17,913.00	21,898.20
o/w Life Insurance	5,806.91	6,693.31	8,479.36	10,370.00	13,266.79
Growth Rate of Total Assets (%)	29.35	22.97	23.42	18.61	22.25
Total Assets/GDP (%)	2.16	1.99	1.70	1.51	1.53
Share of Financial System Assets (%)	3.82	4.03	3.87	3.41	3.38
Pensions Industry					
Total Assets (GH¢' M)	39,562.99	46,611.03	61,794.52	86,226.04	108,877.20
o/w Public Pension Fund	11,544.27	12,106.32	15,295.00	22,350.02	29,070.56
Growth Rate of Total Assets (%)	18.24	17.81	32.57	39.54	26.27
Total Assets/GDP (%)	8.57	7.59	6.96	7.29	7.59
Share of Financial System Assets (%)	15.19	15.34	15.84	16.41	16.80
Financial System					
Total Assets (GH¢' M)	260,431.77	303,858.46	390,166.96	525,588.74	648,234.33
Growth Rate of Total Assets (%)	22.07	16.67	28.40	34.71	23.33
Total Assets/GDP (%)	56.41	49.46	43.95	44.44	45.20
GDP, Current (GH¢' M)	461,694.94	614,336.25	887,748.12	1,182,799.28	1,434,224.75

Source: Financial Sector Regulators, Ghana

2.2 Interconnectedness of the Financial System

Banks' exposure to the financial system remained heavily tilted towards securities institutions. Total exposure of banks to other financial institutions[12] was approximately GH₵569.93 million at end-December 2025, an increase from GH₵365.82 million recorded at end-December 2024. As of end-December 2025, the exposure of banks to securities institutions, insurance companies, and pensions institutions was GH₵400.02 million, GH₵169.04 million, and GH₵ 0.87 million, respectively. This distribution of exposures was mainly in the form of loans and placements. Banks appear to have taken measured risk exposures to other financial institutions, as these exposures represent minimal risk to banks' capital. For instance, the exposures to securities and insurance industries represent 1.6% of banks' capital, moderating contagion risk to the banking sector.

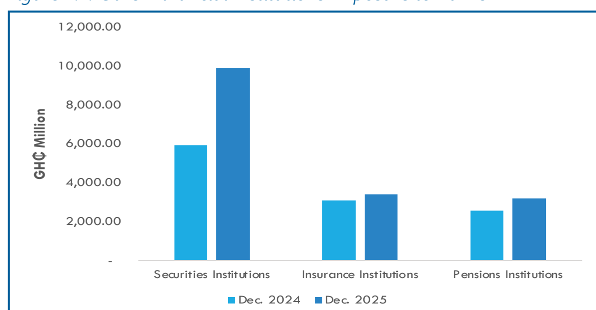
Table 2.2: Banks' Exposure to Other Financial Institutions

Institution Type	Dec-24	Dec-25
	GH₵ Millions	
Securities Institutions	352.54	400.02
Insurance Institutions	10.38	169.04
Pensions Institutions	2.90	0.87
Total Exposure	365.82	569.93

Source: Bank of Ghana

As at end December 2025, the total exposure of other financial institutions to banks amounted to approximately GH₵16.46 billion, up from GH₵11.56 billion recorded at end-December 2024. The exposure of other financial institutions to banks was in the form of deposits and investments. The growth in other financial institutions' exposure to banks continues to be mainly driven by a significant increase in exposure of the securities and pensions industries. The exposures of the securities institutions to banks increased by 67.2% year-on-year at end-December 2024. The securities institutions were the most exposed to banks (GH₵9.89 billion), followed by the insurance companies (GH₵3.40 billion), and pensions institutions (GH₵3.17 billion) as at end-December 2025. These exposures suggest that distress within banks may adversely impact other financial institutions. Given these developments, the BoG continues to implement policies and initiatives to strengthen banks' solvency and profitability.

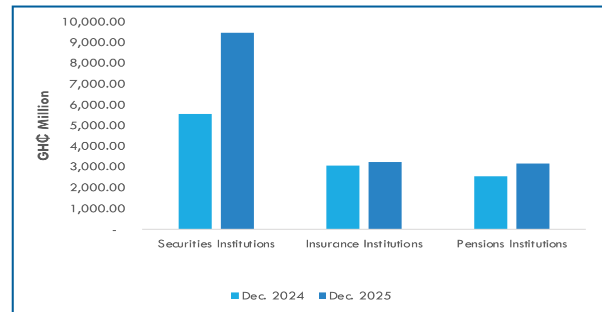
Figure 2.2: Other Financial Institutions' Exposure to Banks



Source: Bank of Ghana

As at end-December 2025, the exposure of other financial institutions to banks on a net claim basis was comparatively higher than banks' exposure to other financial institutions. On a net basis, other financial institutions have an excess of GH₵15.89 billion with banks as at end-December 2025 representing an increase from GH₵11.20 billion recorded at end-December 2024. This increase represents an annual growth of 42.0% of the net claims of other financial institutions on banks. The net exposure is disaggregated as follows: securities institutions (GH₵9.49 billion); insurance institutions (GH₵3.23 billion); and pensions institutions (GH₵3.17 billion).

Figure 2.3: Net Claims of Other Financial Institutions on Banks



Source: Bank of Ghana

2.3 FSC Initiatives in 2025 to Promote Financial Stability

The FSC adopted recommendations of the World Bank following the conclusion of a review of the functioning of the FSC in 2025. The World Bank (WB), which provided support for the establishment of the FSC in 2018, undertook the review to help draw lessons and key recommendations to enhance the effectiveness of the FSC. The WB commended the FSC for its strong leadership and commitment to delivering on its mandate of promoting financial stability in Ghana. The WB, however, recommended capacity-building enhancements to the FSC at all levels, increasing visibility of the FSC, and ensuring the timely publication of the Financial Stability Review (FSR), among others. The Council adopted these recommendations with the publication of press releases after council meetings. To ensure the timely publication of the FSR, a publication deadline of end-April was adopted by the Council. In addition, capacity-building needs of the FSC members are being addressed, especially for the Working Groups and TC.

The FSC discussed preparations for the 3rd Round of Mutual Evaluation of Ghana, emphasising the importance of a successful assessment for Ghana's financial integrity. The Council discussed the need to sensitise financial sector regulators, regulated institutions, and other key stakeholders regarding the importance of the Mutual Evaluation (ME) exercise and

[12] In this report, "other financial institutions" refers to institutions in the securities, pensions and insurance industries.

the diligence required of them to ensure a successful evaluation. The Council commended the FIC for its strong collaboration with financial sector regulators and regulated financial institutions in its preparations for the exercise. The ME on-site visit was successfully hosted by Ghana in early 2026, and the Council Chair urged regulators to continue to work with the FIC in providing additional data and information required during follow-up engagements with the assessors.

The FSC deliberated on the need to develop a risk matrix for monitoring the Virtual Asset Service Providers framework. Following the passage of the Virtual Asset Service Providers (VASP) Act, 2025 (Act 1154), the Council underscored the importance of monitoring emerging risks in the VASP ecosystem. It accordingly tasked the FSC TC to develop a risk matrix for monitoring risks in the VASP space and to provide periodic reports at its meetings.

The FSC sought to improve monitoring of systemic risks within the financial system through enhanced data collection. The FSC formalised collaboration with the GSS to begin the collection of real estate market data starting in 2026. This collaboration is expected to provide better insights into price and risk dynamics in the real estate sector, thereby strengthening the overall monitoring framework for systemic risks.

The FSC aims to promote capital market deepening through the Bank Listing Project. Recognising the importance of a well-developed capital market as a vital complement to banking sector stability, the Council initiated a strategic framework to encourage banks to list on the GSE. This initiative, undertaken in collaboration with the GSE and industry associations, seeks to promote the listing of banks on the capital market. It is intended to strengthen the resilience of the financial system by diversifying funding sources, enhancing corporate governance, and broadening investor participation. The Steering Committee and the Technical Committee were formally inaugurated in February 2026 to commence work on developing the framework.

The FSC considered policy directives aimed at strengthening the domestic insurance market. To reduce capital outflows and FX pressures from continued reliance on foreign insurance coverage for offshore insurance, the NIC presented key recommendations to the FSC to address the challenge. The FSC deliberated on strategic policy directives aimed at tightening compliance with Section 222 of the Insurance Act, 2021 (Act 1061), mandating local insurance for commercial imports. Among the measures discussed was the requirement for commercial banks to confirm local insurance coverage before issuing Letters of Credit (LCs) for commercial imports. This initiative will strengthen the domestic insurance market and safeguard the stability of the financial sector.

The FSC engaged the National Identification Authority towards resolving identity verification challenges, recognising their critical impact on financial inclusion and stability. The TC engaged the National Identification Authority (NIA) to help the FSC understand challenges impacting the financial sector, particularly issues related to identity verification and its implications for systemic risk and financial inclusion. Additionally, the TC participated in the review of the legal framework governing the NIA and made proposals for consideration.

The FSC signalled its commitment to safeguard and protect consumer rights in the financial sector. To enhance consumer protection and fair competition, the Council has directed the TC to work with the Ministry of Trade, Agribusiness and Innovation (MOTAI) on the draft National Consumer Protection and Competition bills. The collaboration is to ensure that the financial sector has an appropriate legal framework to help strengthen consumer protection.

CHAPTER 3: Assessment of the Banking Industry

3.1 Performance of the Banking Industry

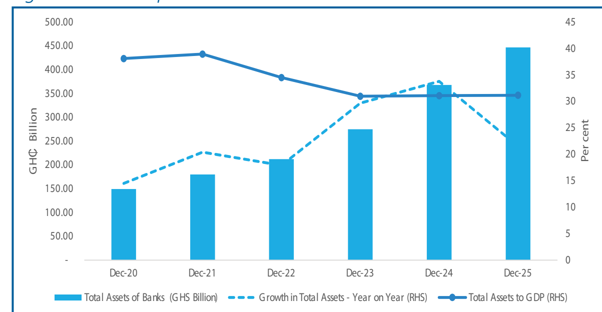
Introduction

The soundness of the banking industry improved markedly, with the BoG implementing a range of policies to consolidate the gains. The banking industry witnessed significant improvement in soundness in 2025, mainly underpinned by enhanced supervisory oversight, recapitalisation, improved corporate governance systems, and a favourable macroeconomic environment. The improved soundness further reflects improved capital buffers, strong liquidity conditions, sustained earnings, moderation in non-performing loans, and cost-efficiency. To help contain credit risk and threats to the stability of the banking industry, the BoG issued directives to strengthen credit risk management and improve loan asset quality. The outlook of the banking sector remains positive, supported by favourable macroeconomic prospects, enhanced supervision, strengthened capital buffers, sustained earnings, and further strengthening of risk management systems.

Asset Growth

Total assets of banks witnessed strong growth amid a favourable macroeconomic environment. Total assets of banks increased to GH₵446.90 billion at end-December 2025 from GH₵367.81 billion at end-December 2024, representing a year-on-year growth of 21.5%. This growth was mainly driven by strong deposit mobilisation and recapitalisation efforts by some banks over the period. In spite of the strong asset growth, banks' total assets to GDP remained broadly unchanged in 2025 compared with 2024.

Figure 3.1: Developments in Banks' Total Assets

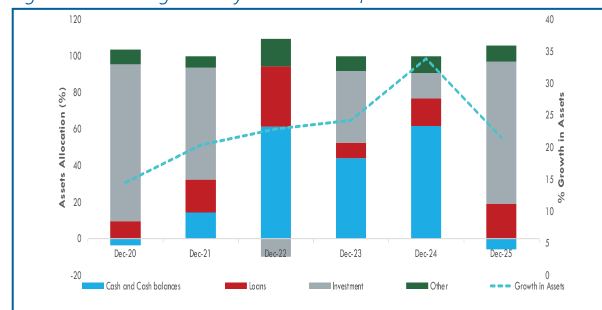


Source: Bank of Ghana

Banks' investment assets grew significantly. Out of the 21.5% growth in assets recorded in 2025, 77.7% was in the form of investment assets as compared to the 14.0% recorded in 2024. The development partly reflects increased investment in short-term instruments due to high non-performing loans. Over the same period, cash and near-cash balances declined partly due to the change in the Cash Reserve Ratio (CRR), requiring banks to maintain the CRR in the same currencies as the deposits.

Allocation of new resources to credit continued to improve. Banks allocated 19.1% of new resources to credit in 2025, up from 14.9% in 2024. This development reflects recapitalisation and macroeconomic stability witnessed in 2025. Looking ahead, the allocation of new resources to credit is expected to remain strong in the near term, supported by favourable macroeconomic prospects and a decline in non-performing loans.

Figure 3.2: Banking Industry's Allocation of New Funds

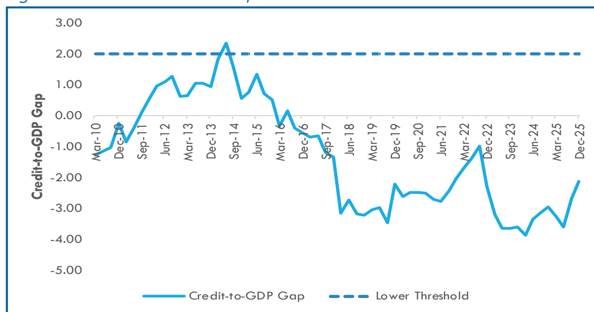


Source: Bank of Ghana

Credit-to-GDP Gap Assessment[13]

The credit-to-GDP gap picked up in December 2025 due to private sector credit growth, but it remains negative. The negative gap suggests less systemic financial vulnerabilities from excessive credit and provides scope for measured credit expansion in the midst of improving macroeconomic fundamentals and sound credit risk management. As monetary policy stance further eases with low inflation, the expected pickup in lending can occur without significant macro-financial risks in the near term.

Figure 3.3: Credit-to-GDP Gap

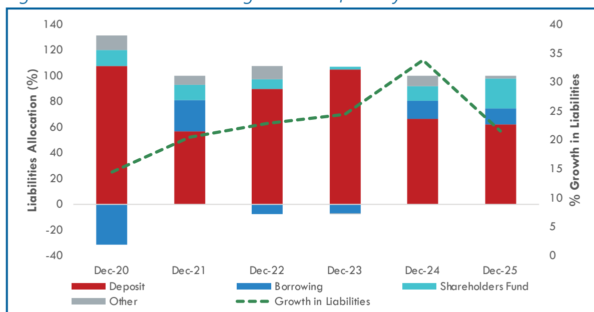


Source: Bank of Ghana

Funding for the Banking Industry

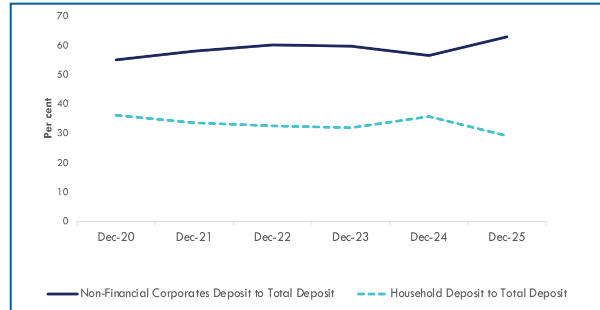
Deposits and shareholders' funds dominated the funding mix that financed the increase in assets. Deposits, primarily sourced from non-financial corporates and households, constituted 62.1% of the funds mobilised in 2025 to finance the industry's assets. While deposits of non-financial corporates accounted for 62.8% of total deposits at end-December 2025, household deposits accounted for 29.2% for the same period. As a result of the recapitalisation efforts, shareholders' funds accounted for 23.3% of mobilised funds in 2025 compared to 11.5% in 2024. Given that the funding mix is broadly stable, liquidity pressures in the outlook remain muted.

Figure 3.4: Growth in Funding Sources of Newly Mobilised Funds



Source: Bank of Ghana

Figure 3.5: Sources of Deposits

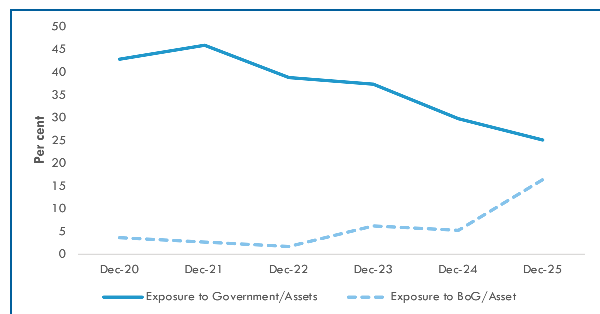


Source: Bank of Ghana

Banks' Exposure to Government

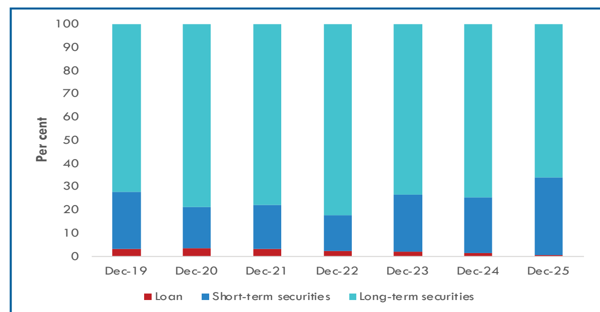
Banks' exposures to government as a percentage of total assets continued to decline in 2025. Total sovereign exposure as a percentage of total assets declined to 25.1% from 49.5%, partly reflecting impairment adjustment from the debt restructuring, interim suspension of the government bond market, and increased participation in BoG securities as the monetary policy stance remained relatively tight. As presented in Figure 3.7, banks' allocation to short-term government securities have increased mainly because of the interim suspension of the government bond market during 2023 - 2025.

Figure 3.6: Banks' Exposure to Government and BoG as a Percentage of Assets



Source: Bank of Ghana

Figure 3.7: Composition of Banks' Exposure to Government



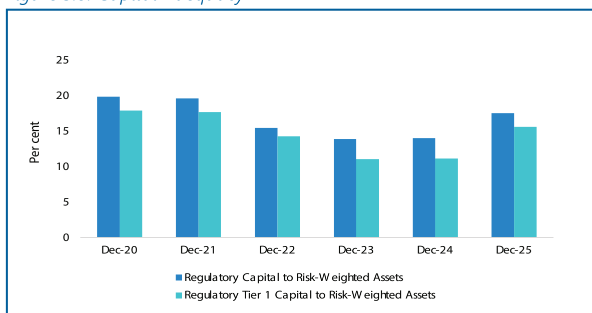
Source: Bank of Ghana

[13] *The Credit-to-GDP gap is an early warning signal that measures excessive credit growth by comparing the private sector credit-to-GDP ratio to its long-term trend. A positive gap exceeding 2% (Basel threshold) signals that credit levels have surpassed their sustainable levels, highlighting potential risks of credit overheating in the economy.*

Solvency

Capital adequacy indicators remained well above regulatory requirements, reflecting sustained resilience and capacity to support economic growth. As of end-December 2025, capital adequacy ratio (CAR) and Tier 1 CAR stood at 17.5% and 15.6%, respectively, compared with 14.0% and 11.1% recorded in 2024. The marked improvement in solvency conditions was due to sustained bank profitability, a shift towards less risky portfolios, and fresh capital injections. The recapitalisation by undercapitalised banks, continuous improvement in earnings, and favourable economic prospects are expected to further improve solvency conditions for banks.

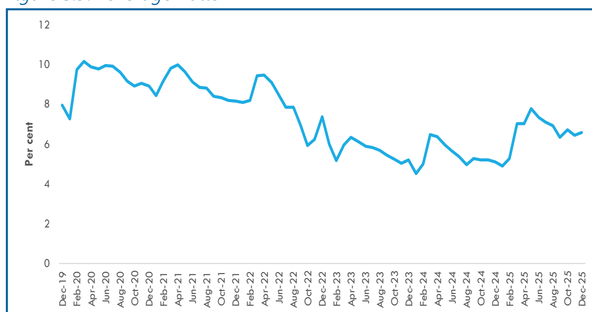
Figure 3.8: Capital Adequacy



Source: Bank of Ghana

The banking industry's leverage ratio improved in 2025. The leverage ratio increased to 6.6% at end-December 2025, as compared to 5.1% as at end-December 2024.[14] The ratio remained above the regulatory minimum of 4.5%. An increasing ratio is an indication of resilience as it suggests that the banking sector may have high capital buffers to withstand shocks.

Figure 3.9: Leverage Ratio

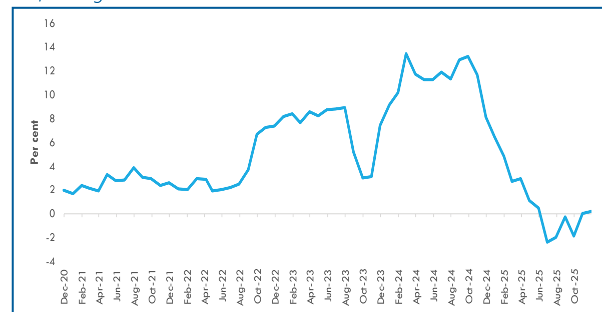


Source: Bank of Ghana

Asset Quality

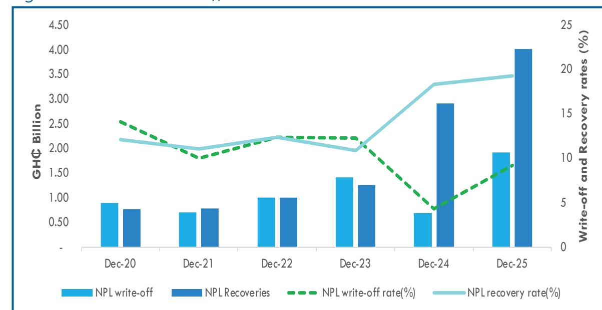
The banking industry's asset quality improved, although the share of NPLs remained high. The NPL ratio declined to 18.9% in December 2025 from 21.8% in December 2024 but remains above its pre-DDEP levels. The build-up in new NPLs, which began slowing down in the last quarter of 2024, continued in 2025 on the back of enhanced supervision, improved recoveries, banks' adherence to the NPL regulatory measures, and a favourable macroeconomic environment. The NPLs of the industry are somewhat concentrated, with the top three sectors accounting for 66.7% of the NPLs as at December 2025.

Figure 3.10: Annual Migration Rate from Performing to Non-Performing



Source: Bank of Ghana

Figure 3.11: NPL Write-offs and NPL Recoveries[15]



Source: Bank of Ghana

Table 3.1: Sectoral Contributions to NPLs (%)

SECTORAL CONTRIBUTION TO NPLS	Dec–24	Dec-25
Services	26.27	29.05
Commerce & Finance	23.23	23.79
Construction	11.37	13.86
Agriculture, Forestry & Fishing	8.20	10.60
Transport, Storage & Communication	14.35	10.52
Manufacturing	9.34	7.46
Mining & Quarrying	1.58	2.88
Miscellaneous	3.18	1.18
Electricity, Gas & Water	2.48	0.66

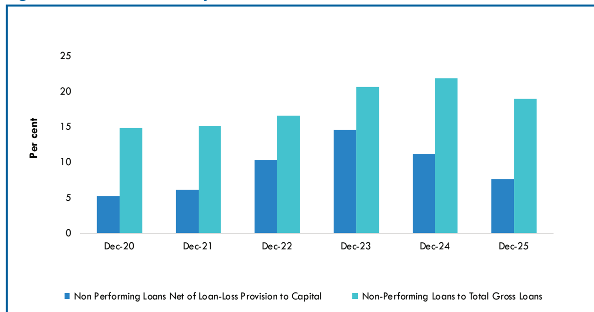
Source: Bank of Ghana

In spite of the high NPL levels, the associated capital at risk reduced further in 2025. The capacity of the banking industry to absorb NPL-related losses

[14]The leverage ratio is calculated as total banking industry regulatory Tier 1 Capital to total exposures (total assets plus off-balance sheets exposures)
[15]NPL write off rate is defined as write off in the current period (at time t) divided by total NPL of the previous period (at time t-1). Similarly the recovery rate follows similar approach.

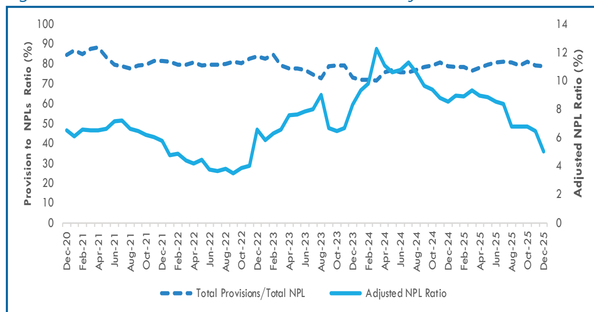
increased during the year as non-performing loans net of provisions to capital decreased to 7.6% at end-December 2025 from 11.1% at end-December 2024. This partly reflects stronger credit risk management, improved provisioning, and industry recapitalisation. In addition, the adjusted NPL ratio, which is the NPL ratio estimated without the loss category for which 100% provision has been made, was 5.0% at end-December 2025 relative to 8.5% recorded for the same period in 2024. The BoG will continue to enforce the write–off policy to improve asset quality in the banking industry since the current level is driven by legacy NPLs.

Figure 3.12: Asset Quality



Source: Bank of Ghana

Figure 3.13: Provisions to Total NPL Ratio and Adjusted NPL Ratio

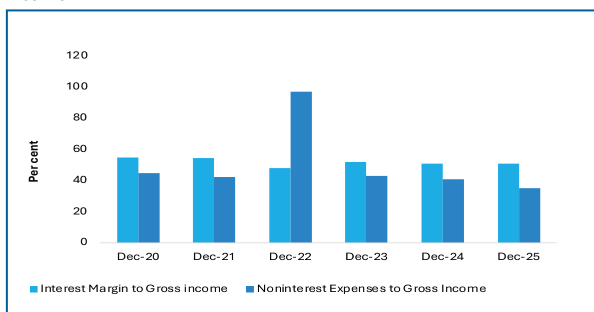


Source: Bank of Ghana

Efficiency

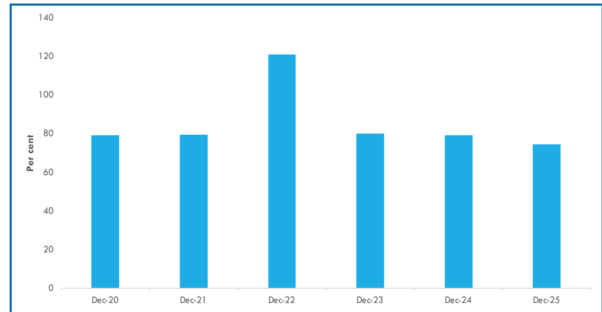
The industry continued to rely on its core business to generate income while maintaining relatively low operational expenses. At end-December 2025, interest margin (net interest income) to gross income remained virtually unchanged at 50.8%. Under improved cost control structures, non-interest expense to gross income ratio and cost-to-income ratio reduced steadily to 35.2% and 74.4% in 2025 from 40.8% and 79.1% in 2024.

Figure 3.14: Interest Margin and Non-Interest Expenses to Gross Income



Source: Bank of Ghana

Figure 3.15: Cost-to-Income

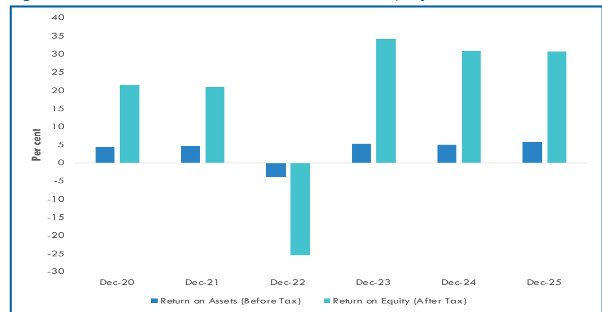


Source: Bank of Ghana

Profitability

Profitability in the banking industry remained strong despite a declining interest rate environment. Sustained profitability in 2025 was underpinned by increased interest income, effective expenditure management, improved loan recoveries, and the favourable economic environment. Return on equity held steady at 30.8% in 2024 and 2025, while return on assets inched up to 5.7% in 2025 from 5.0% in 2024. The improvement in earnings is expected to help improve capital buffers of the banking industry to support economic growth.

Figure 3.16: Return on Assets and Return on Equity

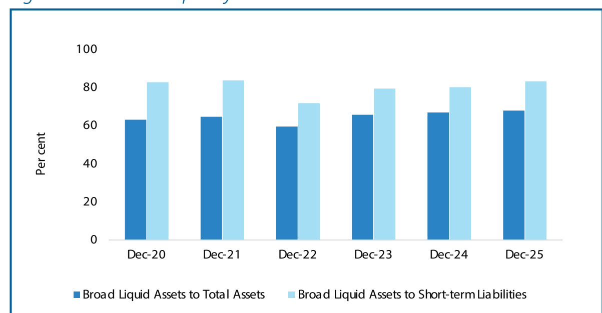


Source: Bank of Ghana

Liquidity

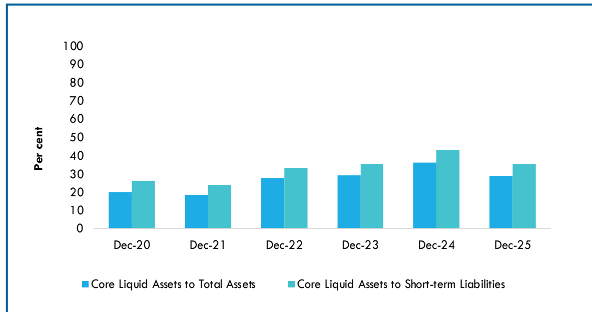
Liquidity risk in the banking sector remained broadly contained. Broad liquid assets (cash and investments) to total assets increased to 67.9% at end-December 2025 from 66.8% at end-December 2024. Broad liquid assets to short-term liabilities also increased to 83.2% from 80.1% over the review period. However, over the same period, core liquidity indicators declined marginally, due to the reallocation of cash assets to investments.

Figure 3.17: Broad Liquidity



Source: Bank of Ghana

Figure 3.18: Core Liquidity

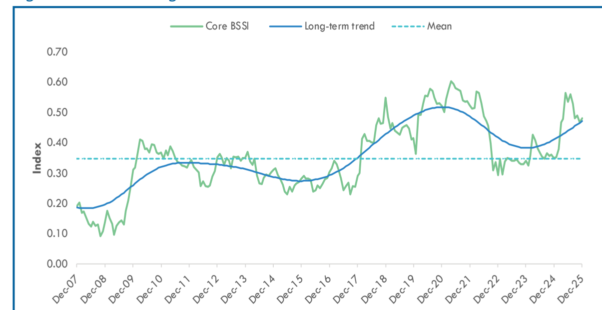


Source: Bank of Ghana

Soundness of the Banking Industry

The soundness of the banking industry strengthened in 2025, significantly moderating financial stability risks. The Banking Sector Soundness Index (BSSI) ended 2025 well-above 2024 levels, an indication of strong recovery in the soundness of the banking sector post-DDEP. The improved soundness of the banking industry was reflected in the Financial Soundness Indicators (FSIs) heatmap. The moderation in risks reflects recapitalisation of banks, a slowdown in the build-up of non-performing loans, sustained profitability, adequate liquidity, effective cost control, and sustained improvement in macroeconomic fundamentals. The main risks to the banking industry's soundness remain the high NPLs and undercapitalisation of a few institutions. These risks are expected to moderate on the back of recapitalisation, enhanced supervision, sustained macroeconomic recovery, and further strengthening of credit risk management systems through the implementation of the prudential NPL strategy announced in 2025.

Figure 3.19: Banking Sector Soundness Index (BSSI)



Source: Bank of Ghana

Table 3.2: Heat Map of FSIs[16]

CORE SET	Dec-20	Dec-21	Dec-22	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Capital Adequacy												
Regulatory capital to risk weighted assets (Threshold - With Reliefs)	19.83	19.60	15.44	13.87	15.88	14.27	14.38	14.00	17.10	19.29	17.52	17.51
Regulatory capital to risk-weighted assets (Distribution-With Reliefs)	19.83	19.60	15.44	13.87	15.88	14.27	14.38	14.00	17.10	19.29	17.52	17.51
Regulatory Tier I capital to risk-weighted assets	17.88	17.88	14.25	11.04	13.56	11.46	11.51	11.13	14.89	16.62	14.75	15.58
Asset Quality												
NPL net of loan-loss provision to capital	5.24	6.16	10.32	14.55	19.45	15.36	12.29	11.10	11.98	8.32	8.32	7.62
NPL to total gross loans	14.82	15.12	16.59	20.58	26.74	24.13	22.77	21.79	23.44	23.09	20.43	18.92
Banks Provisions to NPL	84.28	81.26	83.58	73.19	71.70	75.66	78.35	78.74	76.67	80.73	79.10	78.82
Earnings												
Return on assets	4.36	4.57	(3.83)	5.37	5.63	5.40	5.05	5.04	4.96	5.61	5.70	5.66
Return on equity	21.40	20.91	(25.48)	34.16	36.36	35.25	32.12	30.84	29.92	32.21	31.61	30.81
Interest Margin to Gross income	54.91	54.50	47.82	51.80	54.23	51.41	51.10	50.92	51.82	50.11	50.16	50.75
Liquidity												
Core Liquid assets to total assets	20.06	18.50	27.53	29.34	31.00	34.47	35.39	36.16	36.24	27.50	27.22	28.78
Core Liquid assets to short-term liabilities	26.32	23.98	33.21	35.47	37.34	41.39	42.54	43.31	43.47	33.68	33.00	35.29
Liquid assets/total deposits	28.85	27.48	36.47	37.61	40.06	45.31	46.82	48.16	48.20	37.73	37.65	39.54
Broad liquid assets to total assets	63.04	64.61	59.45	65.72	68.38	67.55	67.58	66.87	69.44	69.67	69.65	67.85
Broad liquid assets to short-term liabilities	82.72	83.73	71.71	79.46	82.34	81.10	81.23	80.09	83.30	85.31	84.46	83.20
Efficiency												
Noninterest expenses to gross income	44.70	42.19	97.04	43.04	38.86	37.65	39.43	40.83	37.78	35.70	34.98	35.20
Personnel expenses to gross income	17.99	18.06	16.45	15.67	16.19	16.62	16.67	16.45	17.25	16.71	16.78	17.11

Source: Bank of Ghana

16

Colour Code	Green	Blue	Yellow	Red
Performing Period	1st Best	2nd Best	3rd Best	4th Best

3.2 Regulatory Developments And Mitigation Measures For Emerging Risks

At the request of the BoG, the IMF provided technical assistance on enhancing the macroprudential policy framework and toolkit. The technical assistance delivered in November 2025 focused on: strengthening the institutional framework for macroprudential policy; enhancing the systemic risk monitoring framework and macroprudential toolkit; and the design of Countercyclical Capital Buffer (CCyB) and Domestic Systemically Important Banks (D-SIBs) frameworks. Following the technical assistance, the BoG has developed an implementation roadmap for the key recommendations over a three-year period (2026-2028). The effective implementation of the recommendations would help strengthen the current institutional arrangement on macroprudential supervision and enhance macroprudential analytical tools and policy frameworks to support systemic risk identification, monitoring, and prompt mitigation.

The BoG conducted a comprehensive review of the business model of banks, leveraging an internal framework for assessing business models of regulated financial institutions. The framework provides a structured approach for analysing whether regulated financial institutions (RFIs) can remain profitable, compliant, and resilient to risks inherent in their core activities and strategies under current and future market, environmental, and regulatory conditions. In line with the guideline, the BoG conducted a thematic review of banks' business models and identified key risks, including credit and concentration risks, and evaluated how effectively banks adapt to changing economic and regulatory conditions. Additionally, a comparative thematic evaluation aggregated insights across banks to identify common trends, shared vulnerabilities, and best practices, thereby supporting more consistent supervisory judgments and targeted regulatory interventions.

The BoG issued the directive on large exposures to enhance risk controls and safeguard institutional soundness. The large exposure directive seeks to limit the maximum loss for RFIs following the sudden failure of a counterparty (or a group of connected counterparties) and provides clarity on the interpretation of the rules related to limits on financial exposures. The guideline further requires RFIs to implement appropriate governance and risk management practices to effectively identify, measure, manage, monitor, control, and report on large exposures.

The BoG introduced regulatory measures aimed at reducing non-performing loans. As part of measures to reduce high non-performing loans in the banking industry, the BoG issued a notice in August 2025 focused on addressing structural weaknesses in credit underwriting, loan monitoring, and asset quality management. A core component of the reforms is the requirement for all RFIs to maintain robust credit risk management frameworks, including stronger Board oversight, clear credit granting criteria, enhanced monitoring systems, early warning mechanisms, timely and effective collateral recovery, and independent reviews of credit processes. To support compliance, the BoG introduced a prudential NPL threshold, requiring RFIs to reduce their NPL ratios to 10% or below by end 2026, with dividend and bonus restrictions applied immediately to institutions with NPLs above 15%, and conditionally to those between 10% and 15%. The reforms also mandate the immediate write off of fully provisioned loans and all loans in the "loss" category, as well as substandard or doubtful loans with no realistic recovery prospects. Additionally, stricter rules on loan restructuring now require RFIs to demonstrate sustained repayment performance before reclassifying distressed loans as "performing", reducing the risk of cosmetic restructuring practices.

The BoG revised the cash reserve requirement framework and net open position limit to help anchor stability in the forex market and enhance foreign exchange risk management systems of banks. Prior to May 2025, banks were required to meet reserve requirements for deposits in both foreign and domestic currencies in Cedis. In May 2025, the CRR framework was revised, requiring banks to maintain reserves in the same currencies as the underlying deposits. The revision was intended to reduce systemic exposure to exchange rate volatility, strengthen foreign exchange liquidity buffers, and support broader monetary policy efforts to stabilise the exchange rate while reinforcing confidence in the financial system. In September 2025, the BoG revised the Net Open Position (NOP) limits for banks, adjusting the single currency NOP limit from the previous ±5% band to a range of -10% to 0% to strengthen foreign exchange risk management within the banking sector. The revised framework is expected to curb FX hoarding and dampen speculative pressures that have historically contributed to rapid currency depreciation.

The BoG intensified preparations towards the introduction of non-interest banking as an alternative financing model. To further deepen financial inclusion, support real sector growth, promote ethical finance, and enhance financial stability, an exposure draft Guideline for the Regulation and Supervision of Non-Interest Banking (NIB) in Ghana was issued in 2025. The NIB model operates based on profit and loss sharing, asset-backed financing, ethical investment principles, and Shariah-compliant risk sharing structures, avoiding interest (riba), speculation, and uncertainty. The Guideline seeks, among other things, to provide minimum standards for the operationalisation of NIBs to complement conventional banking.

CHAPTER 4: Assessment of the Insurance Industry

4.1 Performance of the Insurance Industry

Introduction

The insurance industry has experienced remarkable improvements in the past year through improved regulation and innovation. This was reflected in the improved solvency positions and sustained retention of premiums. Notable policies such as the compulsory local insurance for commercial cargo and the revamping of the motor insurance database are expected to further deepen insurance penetration in Ghana. Going forward, the regulator aims to increase access to insurance services and build resilience and public trust through reforms and extensive stakeholder collaboration.

Insurance Penetration and Insurance Density

The insurance industry continues to grow in terms of insurance revenue, although insurance penetration remains low. Real growth in insurance revenue in 2025 stood at 19.9%, significantly higher than the 7.6% real growth recorded in 2024, reflecting a much stronger and sustainable trajectory for the industry's growth. The insurance industry's contribution to the wider economy has, however, not kept pace with overall GDP expansion. The persistence of low penetration highlights structural challenges in reaching a broader segment of the population and points to the need for more focused and practical measures to expand the market.

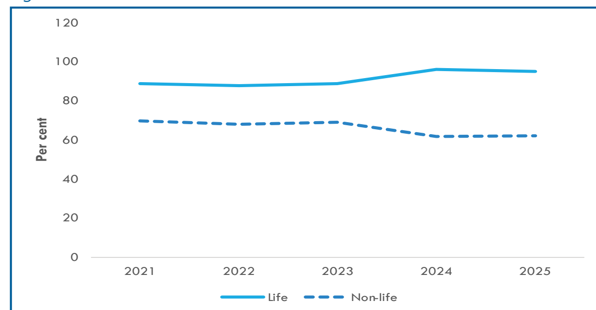
However, the effective implementation of microinsurance and other inclusive insurance schemes offers a clear opportunity to improve penetration. Additionally, mandatory covers such as professional indemnity, marine cargo insurance, and emerging initiatives like agricultural and crop insurance can significantly expand the insured base. Over time, supported by digitalisation, product innovation, inclusive insurance solutions, and sustained public education, insurance penetration is expected to improve gradually, strengthening household financial protection and contributing to broader economic resilience.

Premium Retention

Premium retention remained strong across the insurance sector, reflecting an improved risk retention capacity and greater confidence in domestic underwriting. Life insurance business retained very high premiums at 95.3% in 2025, a marginal decline of 1 percentage point from the prior year's retention rate. This sustained high level indicates a mature retention profile and reinforces the importance of sustained reserving and investment practices, and effective asset–liability management that provides long-term protection of policyholder funds. Retention ratios in the non-life sector were broadly stable. This provides some assurance, as a gradual strengthening of local market capacity could reduce the purchase of overseas reinsurance covers and their associated counterparty risks. Reduced outward reinsurance flows would also support macro-financial stability by easing pressure on foreign exchange demand.

As the insurance industry transitions to a Risk-Based Capital framework, premium retention is becoming increasingly relevant beyond its traditional operational role. Retention levels will have a more direct bearing on capital adequacy, liquidity management, and stress-testing outcomes. While current retention ratios remain within regulatory limits, sustained increases, particularly in non-life business, will need to be supported by commensurate capital buffers and robust risk management frameworks to avoid concentration risks.

Figure 4.1: Retention Ratio



Source: National Insurance Commission

Solvency and Capital Position

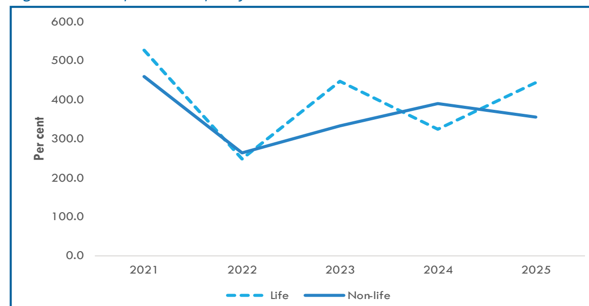
The industry's capital position continued to strengthen, supported by steady equity growth and retained earnings. Total equity at the end of 2025 was GH₵7.62 billion, a 15.1% increase over the GH₵6.62 billion recorded at the end of 2024. Equity contributions were broadly balanced across segments, with life insurers accounting for GH₵3.54 billion and non-life insurers accounting for GH₵4.08 billion. This expansion enhances the sector's capacity to absorb adverse shocks and supports the gradual shift toward more risk-sensitive supervision.

Solvency indicators remained robust, with average CAR well above the statutory minimum of 150%. In 2025, life and non-life insurers recorded an average CAR of 444.1% and 356.0%, respectively. These ratios reflect a combination of improved capitalisation, prudent underwriting, and heightened regulatory focus on balance sheet resilience ahead of Risk-Based Capital (RBC) implementation.

Notwithstanding the strong CAR position, the implementation of the RBC regime would impact solvency conditions differently across segments. In the life insurance segment, capital adequacy remains sensitive to the ongoing effects of International Financial Reporting Standards (IFRS) 17 adoption, particularly in relation to asset valuation and discount rate assumptions. Although the increase in CAR to 444.1% in 2025, from 325.0% in 2024, indicates continued strengthening, the transitional risks associated with the adoption of IFRS 17 warrant close monitoring. In the non-life segment, CAR declined slightly to 356.0% in 2025 from 390.0% in 2024 but remained above regulatory requirements. The resilience observed partly reflects increased use of reinsurance, which reduces net claims volatility but introduces exposure to external pricing conditions and counterparty credit risk.

The improved solvency condition would support financial stability going forward. From a financial stability standpoint, the industry's strong capital buffers provide an important safeguard against policyholder losses and limit the potential for spillovers to the broader financial system. As RBC implementation approaches, supervisory emphasis will increasingly shift toward assessing whether capital levels are appropriately aligned with insurers' underlying risk profiles.

Figure 4.2: Capital Adequacy Ratio



Source: National Insurance Commission

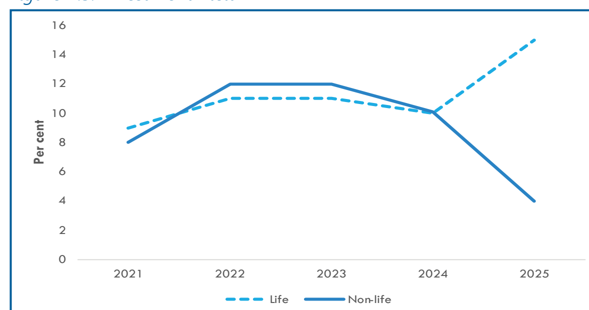
Profitability Performance

Profitability trends across the insurance industry remained strong in 2025. These outcomes were influenced by moderating investment returns, differing underwriting conditions, and ongoing adjustments to the post-DDEP operating environment. On a returns basis, the life insurers performed slightly better than the non-life sector, generating an ROE of 13.4% compared to 10%, respectively.

Investment Income

Investment returns eased across both insurance segments, though the extent of moderation differed. In the life insurance segment, investment yield increased to 15.0% in 2025 from the 10.0% recorded in 2024, indicating an improved growth in portfolio performance during the period. In contrast, the non-life segment recorded a sharp decline in investment yield, which fell to 4.0% in 2025 from 10.1% in 2024. The yield reflects prevailing market conditions as well as the differences in investment profile.

Figure 4.3: Investment Yield

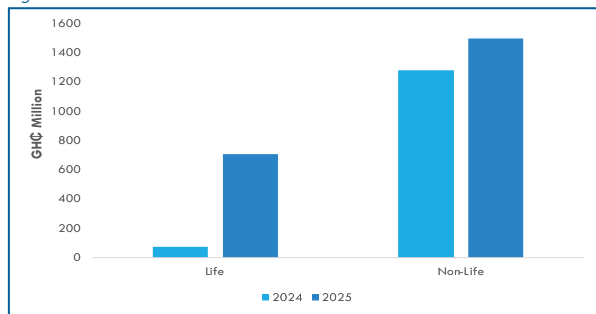


Source: National Insurance Commission

Underwriting Performance

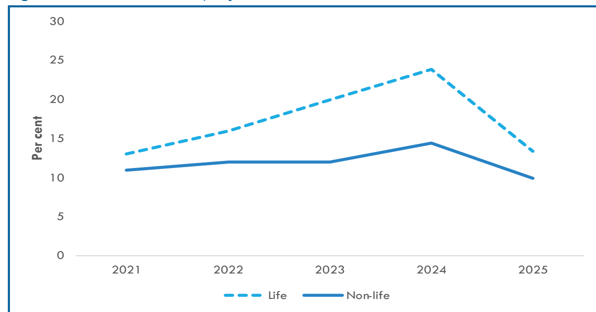
Underwriting outcomes showed clear divergence between segments. The life insurance segment recorded an exponential growth in insurance service results, which shot up to GH₵708.20 million in 2025, from GH₵73.40 million in 2024. This improvement reflects enhanced underwriting discipline, improved pricing, and continued growth in insurance revenue, which rose to GH₵3.10 billion from GH₵2.40 billion over the same period. Underwriting performance in the non-life segment also improved. Insurance service results grew to GH₵1.49 billion in 2025 from GH₵1.28 billion in 2024, aligning with a significant increase in insurance revenue to GH₵6.00 billion. This points to improvement in the management of cost.

Figure 4.4: Insurance Service Results



Source: National Insurance Commission

Figure 4.5: Return on Equity

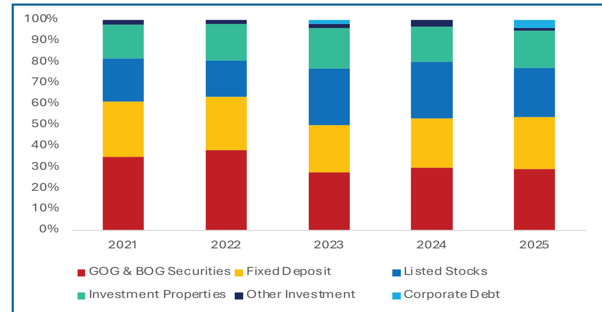


Source: National Insurance Commission

Investment Portfolio

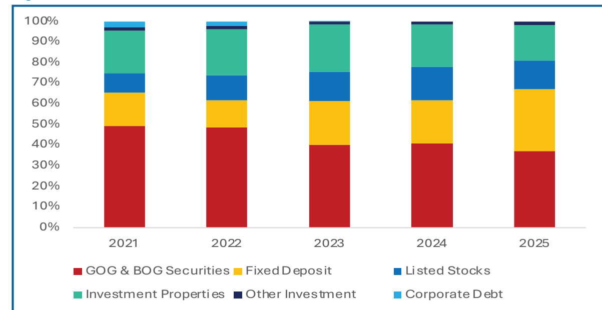
Total investment assets of the industry increased by 35.0%, with a preference for low-risk assets. The composition of insurers' investment portfolios in 2025, relative to 2024, reflected a continued preference for low-risk and liquid assets. Investments remained largely concentrated in Government of Ghana (GoG) securities and fixed deposits, supporting capital preservation and liquidity management. Compared to 2024, exposure to listed equities moderated in parts of the market, while allocations to investment properties and other investment categories increased, indicating gradual diversification. Overall, the investment mix points to a cautious asset allocation stance, consistent with prevailing market conditions and insurers' liability profiles.

Figure 4.6: Non-life Investment Mix



Source: National Insurance Commission

Figure 4.7: Life Investment Mix



Source: National Insurance Commission

4.2 Regulatory Developments

The Motor Insurance Database has been enhanced to drive market sanitisation efforts by ensuring fair and adequate pricing of motor insurance. The system has enhanced onboarding features to improve customer due diligence, leveraging the Ghana Card as the primary tool for purchasing motor insurance.

Through the collaboration of the FSC, the NIC, with support from the MoF and the Ghana Revenue Authority, is implementing a mandatory marine cargo insurance policy. This initiative is a deliberate effort to provide financial security for local importers while significantly increasing the uptake of commercial cargo insurance in Ghana. Implementation commenced in February 2026.

The NIC is also rolling out an RBC framework to bolster the resilience of the insurance industry. The RBC regime ensures that insurers maintain capital levels commensurate with their specific risk profiles. Following successful dry runs, the transition to this new framework is scheduled for full implementation in the second quarter of 2026.

The NIC has designed a framework aimed at deepening inclusive insurance through targeted market innovation initiatives, notably, the Campus Care Sandbox Initiative. The Campus Care framework is to allow various tertiary institutions to partner the industry associations to design inclusive insurance solutions within the sandbox space. This initiative serves

as a specialised vehicle to foster financial inclusion, leveraging the intellectual capital of institutions of higher learning to drive accessible insurance innovation for underserved segments of the academic community. The initiative will be launched in 2026.

4.3 Measures to Mitigate Emerging Risks

As part of its strategy, the regulator is implementing appropriate technology and adopting innovation to deal with growing cybersecurity threats. The increased reliance on information technology and the rapid pace of digitalisation have introduced systemic cyber risks that pose existential threats to the insurance market. To address these vulnerabilities, the Commission has overseen the development of key centralised databases to support the underwriting of specific insurance classes. While these systems enhance operational efficiency, they also serve as potential targets for cyber-attacks.

In addition, the NIC has issued a cybersecurity directive with sufficient risk management protocols for regulated entities. Accordingly, all industry players are now required to invest in log collectors. This infrastructure is essential to facilitate the implementation of a centralised Security Operations Centre (SOC), which will provide the NIC with real-time cyber threat intelligence and monitoring capabilities across the industry.

The NIC has issued an Environmental, Social, and Governance Directive aligned with the United Nations Environmental Programme's four Principles for Sustainable Insurance. This framework provides essential safeguards against systemic Environmental, Social, and Governance (ESG) risks and establishes clear requirements for governance, risk management, materiality assessment, and disclosure for all regulated entities. To facilitate the integration of these principles across the insurance value chain, the Commission has released a comprehensive suite of ESG Implementation Toolkits. Furthermore, to ensure industry readiness for the mandatory adoption of IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) by January 2027, the NIC will issue a standardised reporting template in Q2 2026. This format is designed to institutionalise the reporting of sustainability and climate-related risks, ensuring alignment with global accounting standards. Following the capacity-building workshops conducted in 2025, the Commission continues to encourage regulated entities to engage in voluntary reporting as a transitionary measure towards full compliance.

CHAPTER 5: Assessment of the Securities Industry

5.1 Performance of the Securities Industry

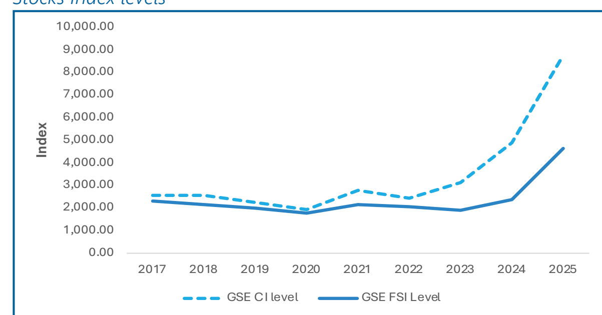
Introduction

The securities industry recorded a strong performance in 2025, driven by favourable macroeconomic conditions and strong investor sentiment across asset classes. On the equities front, the GSE ranked as Africa's second-best-performing market, driven by substantial gains in financial stocks, increased market capitalisation, and significant Cedi appreciation against the US dollar. The GFIM continued its recovery, consolidating gains from 2024 to approach pre-DDEP levels, although activity remained concentrated at the short end of the market. These broad rallies fostered optimism in the asset management segment, with industry assets reaching record highs.

The Equity Market

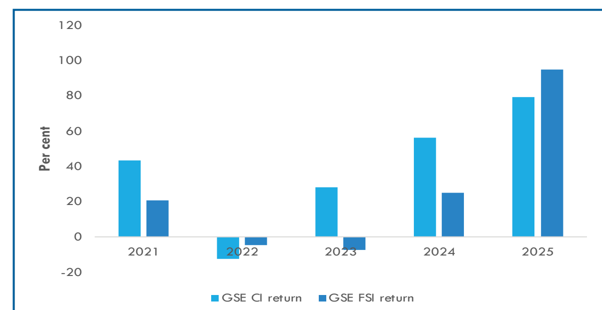
The GSE registered one of its strongest annual returns over the past decade. The benchmark Ghana Stock Exchange Composite Index (GSE-CI) climbed sharply over the course of 2025, ending the year at 79.4%. The financial stocks led the advance, with the GSE Financials Stocks Index (GSE-FSI) returning 95.2% for the year as banks and insurance companies attracted strong interest from both retail and institutional investors. On the back of this impressive performance, market capitalisation expanded significantly, ending the year at GH₵172.04 billion, reflecting a 54.5% growth in capitalisation from the 2024 end-year capitalisation of GH₵111.36 billion. The growth was supported further by the broad-based gains across the various segments of the market to amplify total market gains. Overall, the robust performance of the equities market signalled a substantial return of investor confidence to the market.

Figure 5.1: Ghana Stock Exchange Composite Index and Financial Stocks Index levels



Source: Ghana Stock Exchange, 2025

Figure 5.2: Ghana Stock Exchange Composite Index and Financial Stocks Index Annual Returns

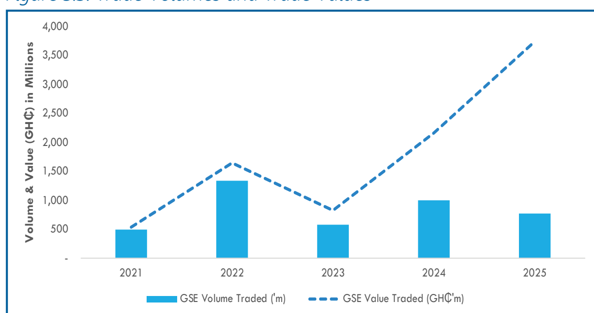


Source: Ghana Stock Exchange, 2025

Despite the strong performance, market liquidity and depth remained below investor expectations. At a headline level, total trade value increased by 73.8% year-on-year to GH₵3.74 billion, despite a 22.2% decline in volumes traded to 771.57 million shares. Notwithstanding the growth in trade value, trading activity was relatively thin in several counters, with activity highly concentrated across a limited number of sectors. The Information and Communication Technology (ICT) sector emerged as the primary driver of market turnover, accounting for 36.1% of total trade value. The Food and Beverage sector followed closely with 35.2% of trade value, a figure significantly influenced by a free-of-payment transaction in Guinness Ghana Breweries valued at approximately GH₵1.27 billion. The gold-backed Exchange Traded

Fund (ETF) contributed 17.2% of total trade value, while the Financial Services sector accounted for 9.6%. In terms of trade volumes, the ICT sector dominated trading activity, representing 49.3% of total shares traded during the year. This was followed by the Food and Distribution sector at 33.1% and the Financial Services sector at 15.5%. ETF trading accounted for only 0.2% of total volumes traded. Financial sector stocks recorded the highest number of trades with 131,070 trades out of the 325,047 trades over the course of the year.

Figure 5.3: Trade Volumes and Trade Values



Source: Ghana Stock Exchange, 2025

Table 5.1: Sectoral Distribution of Trade Volumes and Values

Sector	Volume Traded	Volume Traded (GH)
Finance	119,900,472	357,507,728.31
Distribution	3,607,510	53,607,631.38
Food and Beverage	255,327,148	1,315,646,971.38
ICT	380,229,468	1,351,166,868.75
Insurance	9,718,532	13,966,320.12
Manufacturing	905,651	4,261,323.13
Mining	300,107	895,038.29
Agriculture	49,032	1,726,879.27
Exchange-Traded Funds (ETF)	1,523,277	642,136,228.32
Education	10,000	1,000.00
Advertisement & Production	200	18
Total	**771,571,397**	**3,740,916,006.95**

Source: Ghana Stock Exchange, 2025

Market breadth on the Ghana Stock Exchange in 2025 was positive. Out of the 39 listed stocks, 23 recorded price gains, 15 finished unchanged from their opening price, and only one (1) security recorded a decline on a year-on-year basis, pointing towards widespread participation across listed equities. Quarterly reports throughout the year frequently recorded double-digit gains across the financial, insurance, consumer goods, energy, and information communications technology sectors, with varied counters contributing to the market's breadth. At the close of the year, there were 33 counters on the main list of the exchange, down from 34 counters in the prior year, as CalBank converted its preference shares into ordinary shares. The number of counters on the Ghana Alternative Market (GAX) of the GSE remained unchanged at 5 counters.

Fixed Income Market

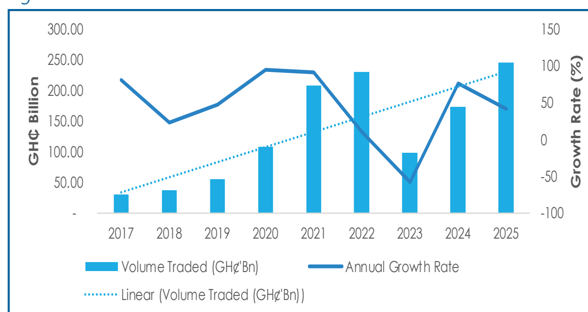
Ghana's fixed income market exhibited a measurable recovery and consolidation of gains, signalling a clear inflection in investor confidence following the 2023 sovereign debt exchange. Trading volumes rebounded significantly, supported by easing inflation, a strengthening Cedi, and fiscal consolidation. Yields trended downwards in line with interest rate declines, bolstering market sentiment for government issuances and signalling growing resilience. The year began with robust activity of GH₵58.14 billion, 43.4% higher than the first quarter of 2024, indicating significantly greater liquidity compared to the post-DDEP recovery phase. This elevated activity persisted through the fourth quarter, with the quarter closing at GH₵76.60 billion. Although the growth rate slowed to 20.9% compared to the third-quarter surge, sustained high volumes confirmed a stable and highly active market. Overall, the market recorded a cumulative trade volume of GH₵245.85 billion in 2025, fully recovering from the 2023 liquidity slump.

Table 5.2: GFIM Trading Activities (GH₵'Bn)

Fixed Income Trades	Q1	Q2	Q3	Q4
2022	64.07	60.07	49.92	56.55
2023	24.76	16.13	18.33	39.22
2024	40.54	30.91	47.31	55.24
2025	58.14	47.80	63.31	76.60

Source: Securities and Exchange Commission, based on data from the Ghana Fixed Income Market, 2025

Figure 5.4: Volume Traded on the GFIM



Source: Ghana Stock Exchange, 2025

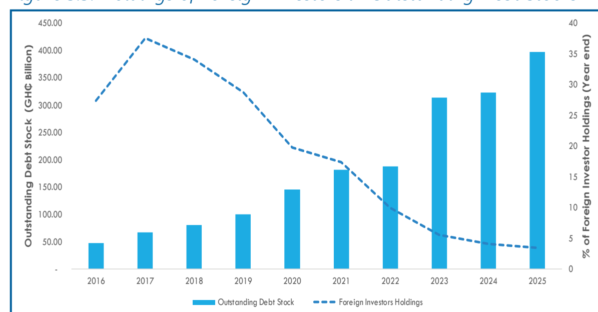
Market activity remained skewed towards the short end of the yield curve, reflecting investors' preference for short-tenor securities. Instruments with maturities of less than one year represented 51.7% of aggregate trade volume, indicative of a cautious investment allocation strategy prioritising liquidity preservation and duration risk containment.

Government securities continue to dominate the market; however, corporate bonds are becoming increasingly significant. Government securities trading accounted for 97.3% of total monthly volumes, equivalent to GH₵239.27 billion. Although corporate securities remained modest in absolute terms, activity increased markedly, with traded volumes rising to GH₵6.58 billion in December 2025 from GH₵2.33 billion in December 2024. This expansion translated into an increase in market share to 2.7% from 1.3% . The renewed emphasis on corporate funding, supported by the introduction of the commercial paper market, is increasingly shaping corporate financing strategies. During the year, five new corporate debt issuances were recorded, bringing the total amount of funds raised to GH₵24.3 billion since the inception of the market. On the other hand, total outstanding corporate securities declined to GH₵8.34 billion in 2025 relative to GH₵9.02 billion in 2024.

Additionally, trading activity of locally-issued US dollar-denominated bonds improved. By end-December 2025, the GFIM recorded 181 listed securities, comprising a mix of government bills and notes, government bonds, corporate bonds, and locally issued US dollar-denominated government bonds. The local US dollar-denominated bond market also recorded a recovery in activity. Trading volumes increased to US$5.65 million in 2025, compared to US$2.51 million in 2024, representing an approximate 125% year-on-year increase.

Despite these positive domestic market developments, foreign investor participation remained subdued. Non-resident holdings of outstanding debt securities declined to 3.5% at year-end 2025, from 4.1% in 2024 and 5.6% in 2023, reflecting lingering post-restructuring risk perceptions, the shift toward short-term debt issuances, which reduced the supply of longer-dated instruments preferred by non-residents, and index eligibility constraints.

Figure 5.5: Holdings of Foreign Investors in Outstanding Debt Stocks

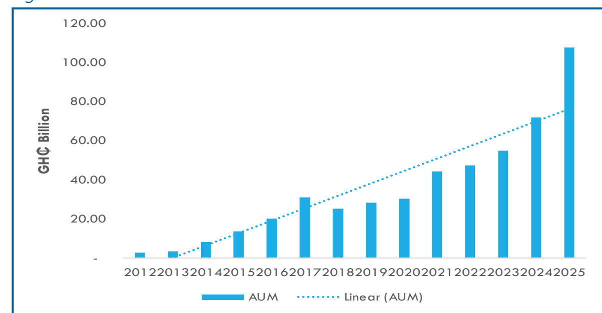


Source: Securities and Exchange Commission, 2025 based on Central Securities Depository data

Fund Management

Supported by the favourable macroeconomic environment, the Assets Under Management of the fund management industry recorded a significant increment. In 2025, aggregate Assets Under Management (AUM) surpassed a record GH₵100 billion by the fourth quarter of the year to reach GH₵107.59 billion, with an annual growth rate of 25.7%. The industry's performance was largely supported by strong equity market returns, particularly in the financial and consumer sectors, coupled with resilient fixed income activity driven by the short end of the yield curve and a gradual improvement in corporate debt instruments.

Figure 5.6: Growth in AUM



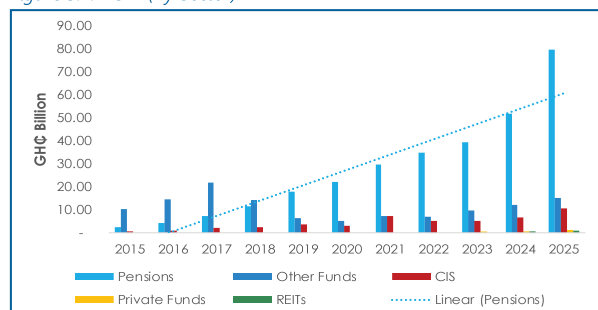
Source: Securities and Exchange Commission, 2025

A key driver of the industry's expansion was the pension fund segment, which continued to dominate the market. Pension funds accounted for 74.1% of total AUM, equivalent to GH₵79.71 billion. This reflects a 27.6% year-on-year increase, underscoring the resilience and sustained growth of pension investments amid prevailing macroeconomic conditions.

However, other schemes also posted strong performances, signalling an increasing appetite for other investment products. Collective Investment Schemes (CIS) maintained growth momentum, posting a 32.9% year-on-year expansion in 2025, from 15.5% year-on-year in 2024, with AUM reaching GH₵10.60 billion. Discretionary funds managed by licensed fund managers expanded marginally, growing by 9.3% year-on-year (2024: 24.2%) to settle at GH₵15.11 billion. The Real Estate Investment Trusts (REITs) segment closed the year with an aggregate market value of approximately GH₵1.0 billion, representing a substantial increase from the GH₵0.55 billion recorded in 2024. The expansion reflects a combination of new capital inflows, portfolio growth, and valuation effects, underscoring a gradual deepening of the REITs segment rather than being driven by underlying property market fundamentals, including rental income, occupancy rates, or development activity. Private funds recorded comparatively stronger growth during the year, with AUM expanding by 46.2% year-on-year (2024: 5.94%) to GH₵1.17 billion. This acceleration reflects renewed investor appetite for alternative investment strategies, supported by improved market sentiments, selective risk-taking, and a gradual diversification away from

traditional asset classes. The performance of private funds highlights their growing relevance within the broader asset management landscape, particularly as investors seek differentiated return profiles amid a transitioning macroeconomic environment.

Figure 5.7: AUM (By Sector)

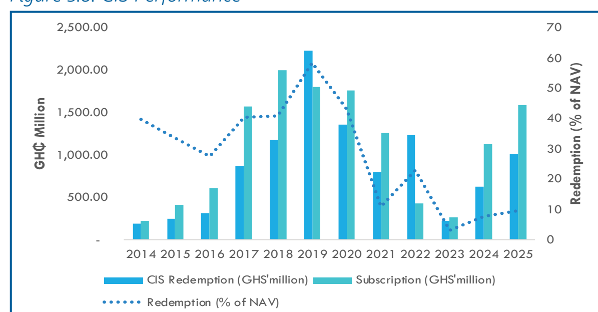


Source: Securities and Exchange Commission, 2025

Narrowing down on the CIS segment, subscription activity expanded significantly during the year, reflecting a sustained improvement in investor sentiment and progressively supportive market conditions. This performance marks a decisive turnaround from 2023, a period characterised by the DDEP, during which both subscriptions and redemptions contracted to cyclical troughs amid heightened uncertainty, suppressed risk appetite, and acute liquidity constraints.

The ability of fund managers of CISs to honour redemption requests strengthened further, underscoring enhanced balance sheet resilience and improved cash flow management. Redemption payouts increased to GH₵1.01 billion in 2025 from GH₵0.62 billion in 2024, extending the recovery observed in the preceding year and signalling improved liquidity conditions within the industry. Consistent with these developments, the ratio of redemptions to net asset value (NAV) continued its gradual normalisation in 2025. While the ratio remained below long-run historical averages, the upward adjustment reflects a progressive rebalancing between inflows and outflows, reduced panic-driven withdrawals, and a stabilisation of investor behaviour as confidence in the CIS market continues to be restored.

Figure 5.8: CIS Performance



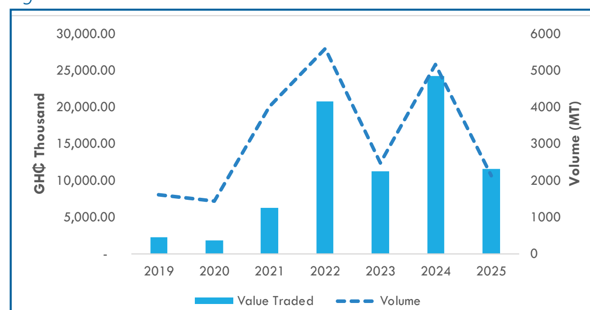
Source: Securities and Exchange Commission, 2025

SEC would continue implementing policies to consolidate the gains in the fund management industry. Sustaining the current path will depend on a deliberate shift from recovery-driven expansion to structurally resilient and well-diversified development. The growth in AUM in 2025 reflects sustained confidence and favourable market conditions. To consolidate these gains, the SEC, in collaboration with key stakeholders, would implement targeted policy, supervisory, and market-led interventions to address lingering vulnerabilities and emerging risks.

The Ghana Commodity Exchange

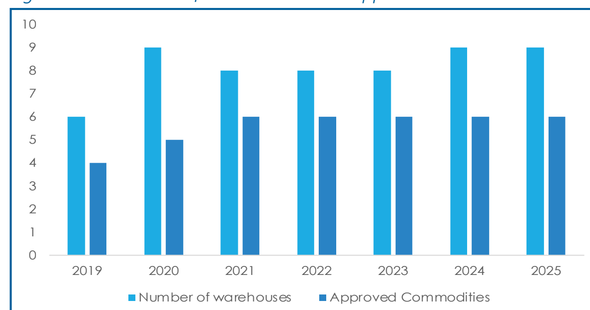
The Ghana Commodity Exchange witnessed a moderation in activity due to weak demand and structural challenges. Total traded volume declined by 67.0% to 1,703.68 metric tonnes (MT) on the Ghana Commodity Exchange (GCX) in 2025, compared with 5,161.03 MT in the previous year, while total trade value fell by 59.2% to GH₵9.89 million. Settlement values similarly contracted by 59.6% to GH₵9.41 million. This deceleration reflects reduced commodity inflows into licensed warehouses, weak demand dynamics, and transitional adjustments following the prior year's surge in activity.

Figure 5.9: GCX Trade



Source: Securities and Exchange Commission, 2025 based on Ghana Commodity Exchange data

Figure 5.10: Number of Warehouses and Approved Commodities



Source: Securities and Exchange Commission, 2025 based on Ghana Commodity Exchange data

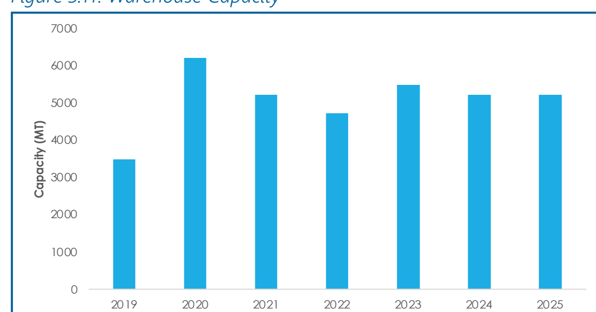
The market also continues to be highly concentrated. Trading activity in 2025 was concentrated in two commodities, maize and soybean, with no recorded transactions in sorghum, sesame, or rice, underscoring the increasingly narrow commodity base. Maize maintained its dominance, accounting for 1,508.80 MT, representing 88.6% of total traded volume; however,

this reflects a year-on-year decline of 67.2% from 4,604.38 MT in 2024. Similarly, soybean recorded a traded volume of 194.87 MT, contributing 11.4% of total volume, but declined by 61.9% from 511.65 MT in the previous year. The contraction across both commodities points to subdued market participation and weaker demand conditions over the review period.

Price developments during the year mirrored the moderation in trading activity. Average closing prices for maize declined by 9.7% to GH₵3,970.00 per MT, while soybean prices recorded a sharper correction of 56.7% to GH₵3,602.00 per MT. The observed price adjustments contributed to lower aggregate trade values and underscore the sensitivity of the commodities market to demand fluctuations and input cost dynamics.

Warehouse activity softened in 2025, with the northern regions remaining the key hub. Total commodity deposits declined significantly from 5,587.52 MT in 2024 to 3,016.90 MT in 2025, representing a 46.0% contraction, while releases fell more sharply by 65.3% to 1,798.10 MT, reflecting subdued off-take demand and reduced trading activity. Despite this downturn, northern warehouses remained central to storage and distribution operations, with Tumu, Tamale, Wa, and Sandema accounting for the majority of activity. Tumu emerged as the leading hub, recording deposits of 900.85 MT (+47.8%) and releases of 788.95 MT (+358.0%), underlining its role as a key aggregation and throughput centre. In contrast, Tamale and Wa recorded mixed performance, with deposits declining to 481.25 MT (–62.7%) and 450.20 MT (–7.0%), respectively, although Wa experienced increased releases, indicating stock drawdowns. Sandema saw a pronounced contraction in deposits to 271.00 MT (–87.0%), while Bolgatanga recorded no activity, reflecting limited tradable surplus in the Upper East region. This geographic concentration highlights the continued importance of the northern corridor in supporting commodities supply chains and market liquidity

Figure 5.11: Warehouse Capacity



Source: Securities and Exchange Commission, 2025 based on Ghana Commodity Exchange data

From a financial stability perspective, the moderation in GCX activity did not pose systemic risks, given the Exchange's relatively contained size within the broader financial system. However, the contraction underscores structural challenges related to commodity aggregation, warehouse utilisation, and sustained buyer participation. The GCX's operational framework remained resilient, supported by established settlement arrangements and regulatory oversight, ensuring that market confidence and transactional integrity were preserved throughout the year.

In the outlook, a gradual recovery in GCX activity is expected in 2026. This outlook is supported by improved harvest prospects, the introduction of an over-the-counter (OTC) and an auction market to enhance participation, expanded commodity offerings, and ongoing efforts to strengthen warehouse receipt financing and market access. These developments are expected to reinforce GCX's role in agricultural market development while supporting broader objectives of market efficiency, inclusion, and financial stability.

5.2 REGULATORY DEVELOPMENTS

The SEC implemented a range of strategic initiatives to reinforce the resilience of Ghana's capital market. These include regulatory, supervisory, and market development policies to strengthen market integrity and enhance investor protection. These interventions were undertaken against the backdrop of post-debt exchange market normalisation and were designed to consolidate financial stability, deepen market confidence, and support sustainable capital formation.

The SEC continued to scale up its nationwide investor education initiatives to promote investor protection and financial literacy. In July 2025, the SEC successfully organised its flagship "Time with the SEC programme" in Ho, extending its outreach to the Volta Region. Together with the Koforidua edition, the programme engaged over 5,500 participants, including students, public and civil servants, informal sector operators, law enforcement agencies, and retail investors. These engagements, which marked the 7th and 8th editions of the programme since its inception in 2020, provided practical guidance on investment decision-making, regulatory safeguards, and the identification and avoidance of fraudulent schemes. By fostering direct engagement between the regulator and the investing public, the initiative contributed to improved market transparency, strengthened trust, and enhanced investor confidence.

The SEC, in collaboration with the BoG, facilitated the passage of an Act to regulate the virtual assets ecosystem. This was in response to the rapid growth

of digital financial assets and their potential risks for market integrity and financial stability. The Virtual Asset Service Providers (VASP) Act, 2025 (Act 1154), represents an important milestone towards establishing a coherent regulatory framework for virtual assets in Ghana. The Act is aligned with international best practices, including the Financial Action Task Force (FATF) recommendations, with a strong emphasis on anti-money laundering and counter-terrorism financing (AML/CFT) controls. It is also expected to provide legal clarity, enhance regulatory oversight, and safeguard investors, while supporting responsible innovation in the capital market.

The SEC has initiated efforts to operationalise the law through the development of subsidiary regulations and supervisory guidelines. These include the establishment of licensing and registration requirements for VASPs and the design of prudential, governance, and risk management standards tailored to virtual asset activities. In addition, the SEC has commenced stakeholder engagements and capacity-building initiatives to strengthen supervisory readiness, enhance inter-agency coordination, and ensure effective implementation of the regulatory framework. These measures are aimed at mitigating emerging risks related to market conduct, consumer protection, cyber-security, and financial integrity, while fostering an orderly, transparent, and resilient virtual asset ecosystem within Ghana's capital market.

Significant progress was made in strengthening post-trade market infrastructure. In 2025, the SEC approved the Central Securities Depository (CSD) Rules, which establish the regulatory framework governing securities safekeeping, transfers, participant admission, settlement processes, and risk management. This approval coincided with the successful implementation of CSD's new post-trade infrastructure platform in June 2025. The platform integrates depository, settlement, and auction management functions into a single, digitally unified system, enhancing operational efficiency, security, and resilience. Key innovations include a real-time Investor Portal, compatibility with global Society for Worldwide Interbank Financial Communications (SWIFT) International Organization for Standardization (ISO) 15022 and ISO 20022 messaging standards, and full integration with the GSE to support accelerated settlement cycles. The approval of the CSD Rules and the deployment of the new platform have strengthened the robustness of post-trade arrangements and aligned Ghana's market infrastructure with international standards.

As part of its broader regulatory reform agenda, the SEC continued the comprehensive review of the Securities Industry Act, 2016 (Act 929). In 2025, the SEC held extensive stakeholder engagements with CMOs, financial sector co-regulators, the MoF, and the Attorney-General's Department. These consultations formed a critical component of the Act's overhaul, which seeks to address structural gaps, enhance regulatory effectiveness, adopt a more principle-based approach to supervision, and align Ghana's regulatory framework with global best practices. A central objective of the reform is to meet the requirements for Ghana's accession to the International Organization of Securities Commissions (IOSCO) Enhanced Multilateral Memorandum of Understanding (EMMoU), thereby strengthening cross-border supervisory cooperation and supporting the long-term objective of transitioning the market from frontier to emerging status.

To deepen market liquidity and broaden the range of financing instruments, the SEC completed several regulatory guidelines during the year. These include the Asset-Backed Securities Guidelines, Market Making Guidelines, Margin Trading Guidelines, and Securities Lending and Borrowing Guidelines, all of which are undergoing final internal processes ahead of issuance. In addition, the Financial Resources Requirement Guideline was issued, strengthening prudential standards and enhancing the financial resilience of market intermediaries. These frameworks are expected to support secondary market development, improve price discovery, and promote a more dynamic and liquid capital market ecosystem.

The SEC sustained momentum in the implementation of the Capital Market Master Plan (2020–2029), which remains the overarching blueprint for capital market transformation. The Capital Market Master Plan (CMMP) is currently in Phase II of its three-phase implementation, with 24 out of 57 initiatives completed, including both original and transferred initiatives. Implementation has been supported by funding from development partners, including the World Bank and the African Development Bank, through the MoF. Progress under the Plan continues to enhance market resilience, expand product offerings, strengthen regulatory capacity, and reinforce investor confidence.

In sum, the regulatory developments recorded in 2025 reflect the SEC's sustained commitment to safeguarding financial stability, strengthening market infrastructure, and fostering a resilient and inclusive capital market. Through targeted legislative reforms, enhanced supervisory frameworks, investor education initiatives, and strategic market development interventions, the SEC has reinforced the foundations for a transparent, efficient, and well-regulated securities market capable of supporting long-term economic growth.

5.3 Measures to Mitigate Emerging Risks

The SEC adopted a multi-pronged approach to restore market confidence. The SEC intensified its supervisory and regulatory interventions to mitigate residual and emerging systemic risks within the capital market, following the dislocations triggered by the DDEP. Although market conditions improved during the year, legacy vulnerabilities, particularly liquidity constraints, valuation uncertainties, and confidence-sensitive investor behaviour, continued to pose risks to market stability. In response, the SEC implemented a combination of measures, including enhanced supervision, prudential enforcement, liquidity backstopping, and investor confidence restoration interventions.

To address lingering systemic risks arising from post-DDEP market fragmentation, the SEC strengthened supervisory oversight to ensure strict adherence to investment guidelines and risk management standards. The DDEP had generated widespread stress across the financial sector, with unresolved locked-up funds and interconnected counterparty exposures amplifying liquidity and contagion risks. In 2025, supervisory engagements focused on enforcing portfolio concentration limits, valuation discipline, and disclosure requirements, thereby containing systemic spillovers and reinforcing market confidence. These measures were aimed at restoring orderly market functioning while safeguarding investor interests.

Recognising solvency pressures among capital market intermediaries, the SEC sustained and intensified recapitalisation efforts for CMOs. Solvency risk remained elevated due to impaired government securities, compressed revenues, and the erosion of both proprietary and client funds during the DDEP period. The SEC required affected firms to restore minimum capital thresholds through fresh equity injections or credible, time-bound recapitalisation plans. These interventions were designed to enhance balance sheet resilience, strengthen loss-absorption capacity, and preserve market integrity.

To further stabilise the market and mitigate liquidity-driven redemption pressures, the SEC continued to operationalise targeted liquidity support mechanisms for CISs. Building on earlier interventions, the Interim Liquidity Support (ILS) arrangement, funded by the GoG and administered by the Ghana Amalgamated Mutual Fund, remained a critical tool for facilitating orderly payouts to investors of resolved fund management companies. The ILS supported fixed-income schemes, which accounted for approximately 37% of industry AUM (10% when pension assets are included), and enabled cumulative payouts of GH₵250 million to approximately 400,000 investment requests.

Complementary liquidity support measures, including the Ghana Financial Stability Fund (GFSF), continued to be developed to provide targeted relief to institutions affected by residual DDEP-related liquidity constraints.

The SEC also worked closely with Government to implement investor relief measures and restore confidence in the capital market. Reputational risk remained a key concern, driven by sovereign default perceptions, market illiquidity, and unresolved claims linked to revoked fund management companies. In line with the Financial Sector Strengthening Strategy (FSSS), the GoG disbursed GH₵4.46 billion in bailout funds by 2023, with allocations to Asset Management Fund Tier 1 and Tier 2. In 2024, an additional GH₵1.5 billion bailout package was approved, of which GH₵700 million had been released for disbursement. In 2025, the SEC continued to oversee the execution of these programmes, ensuring transparency, governance compliance, and timely communication with affected investors, while intensifying market sensitisation efforts to rebuild trust.

To mitigate ongoing liquidity risks associated with the reduced tradability of restructured government securities, the SEC facilitated Government interventions aimed at improving secondary market liquidity. Liquidity risk persisted as trading activity in long-term instruments remained subdued, constraining liquidity for CISs and other institutional investors. The Government's buyback arrangements for Daakye Trust Plc and Energy Sector Levy Act (ESLA) bonds served as critical stabilisation tools, supporting price discovery, easing liquidity pressures, and reinforcing investor confidence. Concurrently, the SEC promoted investor education initiatives to encourage a longer-term investment horizon and supported portfolio diversification strategies that increased allocations to more liquid instruments without compromising risk-adjusted returns.

To address pricing, earnings, and operational risks, the SEC strengthened regulatory enforcement and risk governance standards across the industry. Performance pressures on investment portfolios continued to challenge some fund management companies, limiting their ability to restore confidence organically. A particular area of concern was non-compliance with Business Continuity Planning (BCP) requirements, driven by cost and capacity constraints among CMOs. In response, the SEC intensified enforcement of BCP directives, enhanced supervisory engagement on enterprise risk management frameworks, and promoted improved investor communication practices. In addition, the SEC engaged the GFIM to refine pricing and valuation methodologies for fixed-income securities, reducing distortions and strengthening valuation integrity across portfolios.

CHAPTER 6: Assessment of the Pensions Industry

6.1 Performance of the Pensions Industry

Introduction

The pensions industry recorded robust growth, reflected in the notable increase in AUM. Pensions' fund assets grew by 26.3% to GH₵108.88 billion in 2025 from GH₵86.23 billion in 2024. This growth, though lower than the previous year's growth of 39.5%, remains a positive outcome given the decline in interest rates and inflation in the period under review. The lower inflation recorded reduced the pressure for high nominal returns, while falling interest rates slowed investment income and valuation gains, particularly from fixed-income assets. The continued growth in AUM reflects resilient contributions and stable portfolio performance.

Figure 6.1: AUM Distribution (in GH₵ billion) in 2025

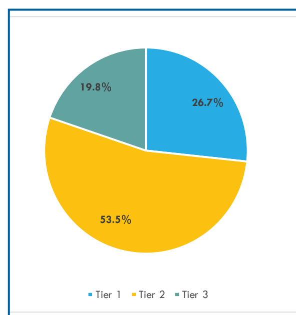
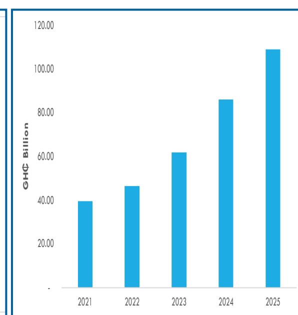


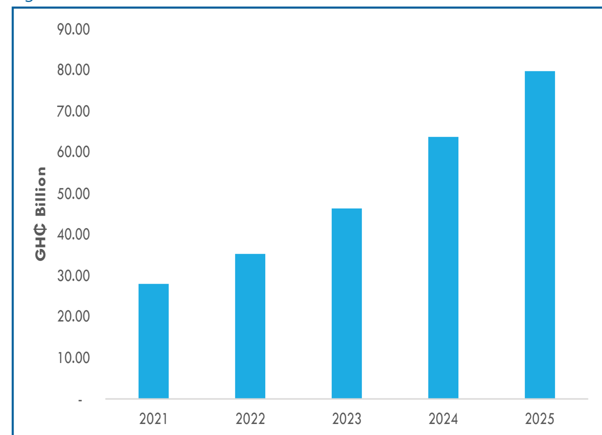
Figure 6.2: Growth of Pension Funds



Source: National Pensions Regulatory Authority

The expansion of private pension schemes continued to play a pivotal role in the industry's overall performance. Private pension funds, comprising Tier 2 and Tier 3 schemes, recorded a growth of 24.9% in AUM in 2025, reaching GH₵79.8 billion. The sustained growth was largely driven by increased enrolment, investment income, and improved contribution inflows mainly attributable to the strict enforcement of employer compliance. In addition, coverage of the informal sector (based on member accounts) improved to 16.7% in 2025 from 13.2% in 2024 as a result of the intensified public education and sensitisation initiatives, and the promotion of flexible pension products tailored to self-employed workers.

Figure 6.3: Total Private Pensions AUM (GH₵'billions) Tier 2 & 3



Source: National Pensions Regulatory Authority

Private pensions' fund assets continued to be diversified across various investment portfolios. The share of GoG securities reduced to 64.5% in 2025 from 72.9% in 2024. A notable increase was observed in Ordinary Shares / Non-Redeemable Preference Shares which moved to 12.2% in 2025 from 5.7% in 2024. Bank Securities and Other Market Securities moved to 14.0% from 8.6%.

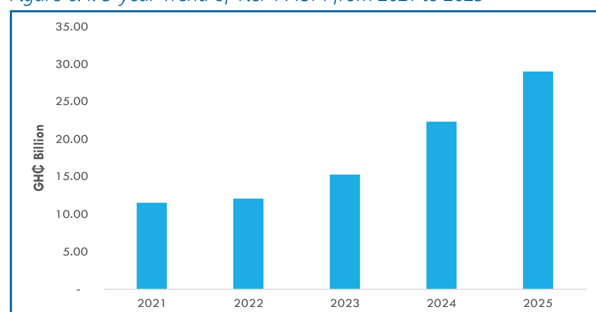
Table 6.1: Asset Class Allocation of Private Pensions' Funds (%)

Asset Class	2024	2025
Government of Ghana Securities	72.90	64.50
Local Government and Statutory Agency Securities	0.90	0.70
Corporate Debt Securities	1.30	1.50
Bank Securities and other Market Securities	8.60	14.00
Collective Investment Schemes	3.50	4.20
Ordinary Shares / Non-Redeemable Preference Shares	5.70	12.20
Alternative Investments	1.10	0.80
Cash	6.00	2.10
Total	**100**	**100**

Source: National Pensions Regulatory Authority

Pension funds under Tier 1, the Basic National Social Security Scheme, also recorded strong growth. The Basic National Social Security Scheme (BNSSS), managed by the SSNIT, recorded a 30.1% increase in AUM, from GH₵22.35 billion in 2024 to GH₵29.07 billion in 2025. This growth was largely attributable to contribution inflows of government outstandings and improved investment returns.

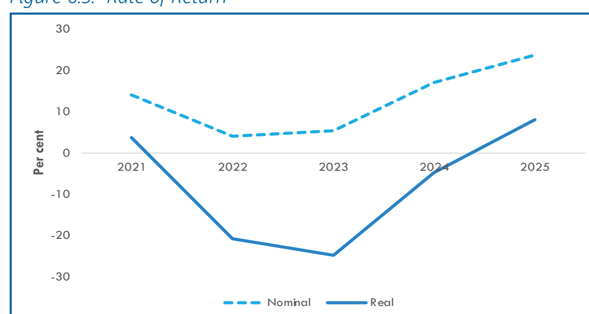
Figure 6.4: 5-year Trend of Tier 1 AUM from 2021 to 2025



Source: National Pensions Regulatory Authority

The Tier 1 scheme posted strong returns supported by a favourable domestic macroeconomic environment. The nominal rate of return increased to 23.8% in 2025 from 17.1% in 2024, reflecting stronger investment performance and improved market conditions. The real rate of return of 8.0% in 2025 shows a recovery from the negative returns recorded over the past few years. The increase indicates a recovery in portfolio earnings, supported by the improved macroeconomic conditions.

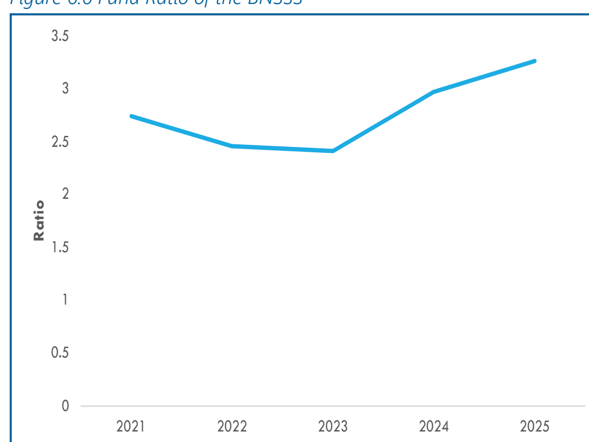
Figure 6.5: Rate of Return



Source: National Pensions Regulatory Authority

The fund ratio improved on the back of the gains from investment. The fund ratio, which measures the relationship between available assets and liabilities, improved to 3.26 in 2025 from 2.97 in 2024. This implies that for every GH₵1.00 of liability, the scheme held GH₵3.26 in assets.

Figure 6.6 Fund Ratio of the BNSSS



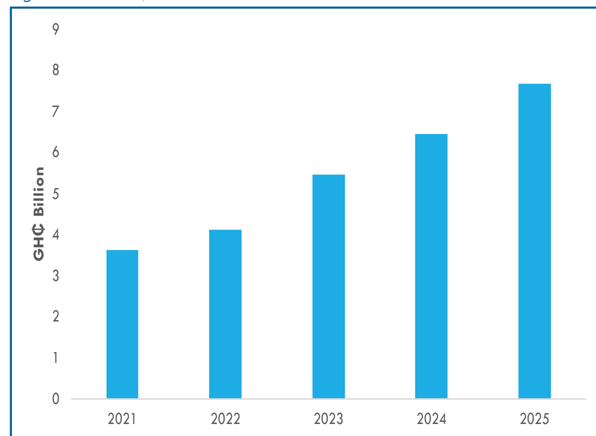
Source: National Pensions Regulatory Authority

The dependency ratio dropped slightly in the year under review. The dependency ratio, which measures the number of contributors per pensioner, dropped slightly to 795 per 100 pensioners from 806 contributors per 100 pensioners in 2025 and 2024, respectively. Despite the drop, the ratio still indicates a relatively stable balance between contributors and pensioners. The self-employed enrolment drive being implemented by the SSNIT is expected to improve the dependency ratio.[17]

The benefit payouts of the Basic National Social Security Scheme increased in 2025. By the end of 2025, the scheme had paid benefits of GH₵7.69 billion compared to GH₵ 6.46 billion paid in the same period for 2024. This upward trend reflects a growing number of retirees and beneficiaries, and the maturing profile of the scheme.

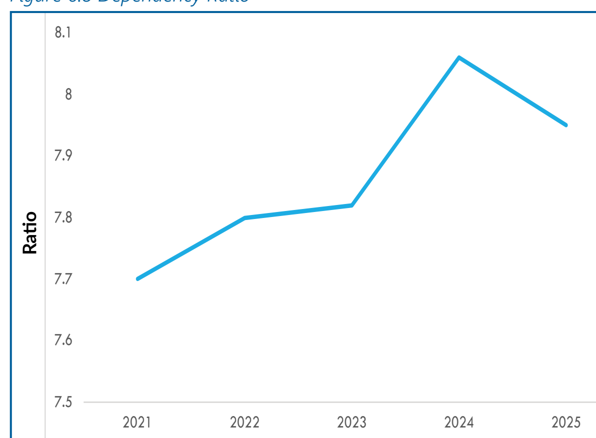
[17] *It is an initiative to encourage informal sector workers and private professionals to enroll onto the BNSSS.*

Figure 6.7: Benefits Paid



Source: National Pensions Regulatory Authority

Figure 6.8 Dependency Ratio



Source: National Pensions Regulatory Authority

6.2 Regulatory Developments

In 2025, pension schemes and service providers operated under heightened supervisory scrutiny through enhanced risk-based supervision and compliance checks. The NPRA completed the deployment of the RBSS supported by the WB. The RBSS has improved regulatory compliance and internal governance of pension schemes. The NPRA's supervisory effectiveness was also strengthened through several key regulatory interventions. The NPRA reviewed and updated eight (8) operational guidelines aimed at strengthening governance practices and improving the management of contributors' funds by schemes, trustees, and service providers.

In December 2025, monthly pension benefits under the BNSSS were indexed upward by 10% for 2026. The 2026 indexation rate combined a fixed 6% increase and a redistributed flat amount of GHȻ91.56 derived from the remaining 4%. This approach was designed to protect low-income pensioners while preserving the long-term sustainability of the scheme. Consequently, the minimum monthly pension of GHȻ300.00 will increase by 36.5% to GHȻ409.56 effective January 2026. The highest-earning pensioner, who received GHȻ201,792.37 as of December 31, 2025, will receive GHȻ213,991.47 in 2026, representing an effective increase of 6.1%. This deliberate moderation is intended to narrow disparities and redirect more benefits toward low-income pensioners, consistent with the equity objectives of the scheme.

As part of its effort to increase pensions coverage, especially in the informal sector, the NPRA established a dedicated directorate to implement its Micro Pensions Policy. The directorate focuses on education, sensitisation, and advocacy to increase awareness and uptake of pensions products for informal sector workers. Its activities include community outreach programmes, stakeholder engagements, media campaigns, partnerships with associations and service providers, facilitation of digital onboarding, feedback collection for policy refinement, and other related functions.

The Authority was reassigned from the Ministry of Labour, Jobs and Employment to the Ministry of Finance. This institutional realignment is expected to strengthen policy coordination between pension regulation and national fiscal and financial sector policies, enhance strategic supervision, and improve alignment of the Authority's mandate with broader economic and financial stability objectives.

In recognition of NPRA's growing influence globally, the Authority secured a representation on the Executive Committee of the International Organisation of Pension Supervisors (IOPS). This representation puts Ghana at the centre of global pensions governance, acknowledging the country's steady progress in strengthening pension supervision and regulatory effectiveness

6.3 Measures to Mitigate Emerging Risks

NPRA implemented key policies to address emerging threats to the pension sector. The pension industry faced several emerging risks stemming from macroeconomic pressures, evolving investment practices, operational challenges, and structural issues related to coverage and demographic changes. To address these risks, the NPRA strengthened its risk-based supervisory approach to safeguard scheme sustainability, member protection, and system stability.

NPRA is revising the industry's investment guidelines to address sovereign risk exposures. Private pensions fund portfolios remained concentrated in domestic

government securities, exposing funds to heightened sovereign risk. To address this challenge, the NPRA is reviewing its investment guidelines for Tier 2 and Tier 3 schemes and has intensified supervision of asset allocation decisions of Trustees and Fund Managers. The revision of the guideline seeks to add infrastructure bonds and expand the options in the Alternative Investment asset class.

The NPRA realigned supervisory processes to include ICT governance and data protection issues as the threat of cyber risks grow. As pension scheme administration processes transition to full automation, cybersecurity risks have become more pronounced. Expanded use of digital systems for contributions, benefits processing, and portability heightened exposure to system failures, data vulnerabilities, and cyber threats. Consequently, the NPRA prioritises ICT governance, data security controls, and business continuity planning in supervisory reviews.

The NPRA initiated the development of a centralised pensions ecosystem. The centralised Pension Digital Ecosystem (PDE) is being developed to address persistent data quality challenges, including inconsistent member records, reconciliation gaps, and incomplete datasets across schemes and service providers. These issues have limited effective oversight and efficient pension administration. The PDE will be integrated with the National Identification Authority to provide basic biometric data and validate individual contributors. This will improve data quality by standardising data formats, enforcing data governance protocols, and automating validation and reconciliation processes. In addition, the platform will enhance efficiency, transparency, and secure data management, while enabling seamless integration with banks, mobile network operators, FinTechs, and payment systems. This will also expand access to pension services, particularly for informal sector workers, through streamlined digital enrolment and benefits administration.

The sustainability of Ghana's pensions industry remains a key regulatory priority. While growth in AUM, is encouraging, rising benefit payments and demographic trends present increasing medium- to long-term risks. Furthermore, unresolved contribution arrears owed by defaulting employers could pose liquidity challenges for the three-tier pension scheme. Continued risk-based supervision, strengthened compliance, and supportive macroeconomic conditions will be critical to maintaining system stability and safeguarding retirement income security.

CHAPTER 7: Assessment of the Resilience of the Financial Sector

7.1 Stress Tests of the Banking Industry[18]

Overview

The BoG assessed the resilience of the banking industry to emerging tail risks over the near term. Using December 2025 macrofinancial data, the stress test exercise assessed the resilience of the industry to adverse macroeconomic developments, credit concentration risk (elevated default among top borrowers), and liquidity risk (plausible bank runs). The hurdle CAR used to determine resilience to shocks was 13%.

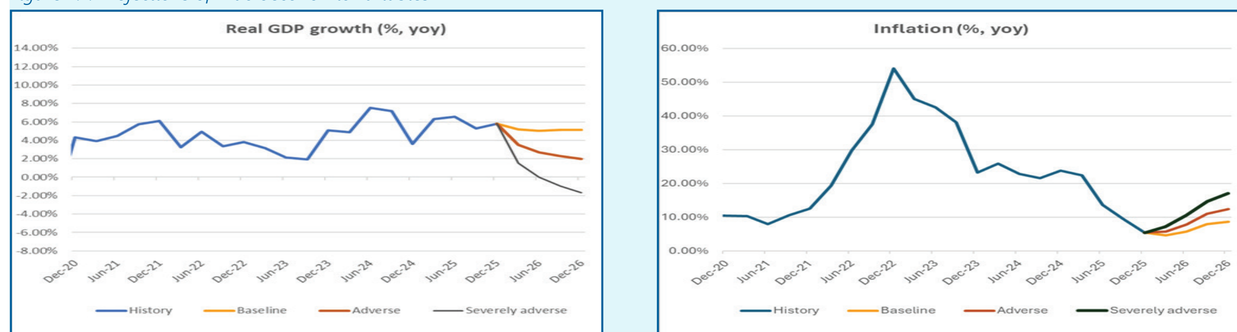
Stress tests assess the resilience of financial institutions to extreme but plausible shocks. Our stress test exercise leverages both the macro and the sensitivity stress test approaches. While the macro stress test approach allows for the concurrent application of various shocks to financial institutions, the sensitivity stress test approach allows for the assessment of resilience against a specific shock or risk. In this report, the sensitivity stress test approach was adopted to evaluate the resilience of banks against credit concentration risk and liquidity risk. The assumptions underlying the stress tests are presented in Box 7.1. The results of the stress tests are discussed thereafter.

Box 7.1: Assumptions Underpinning the Stress Tests of the Banking Industry

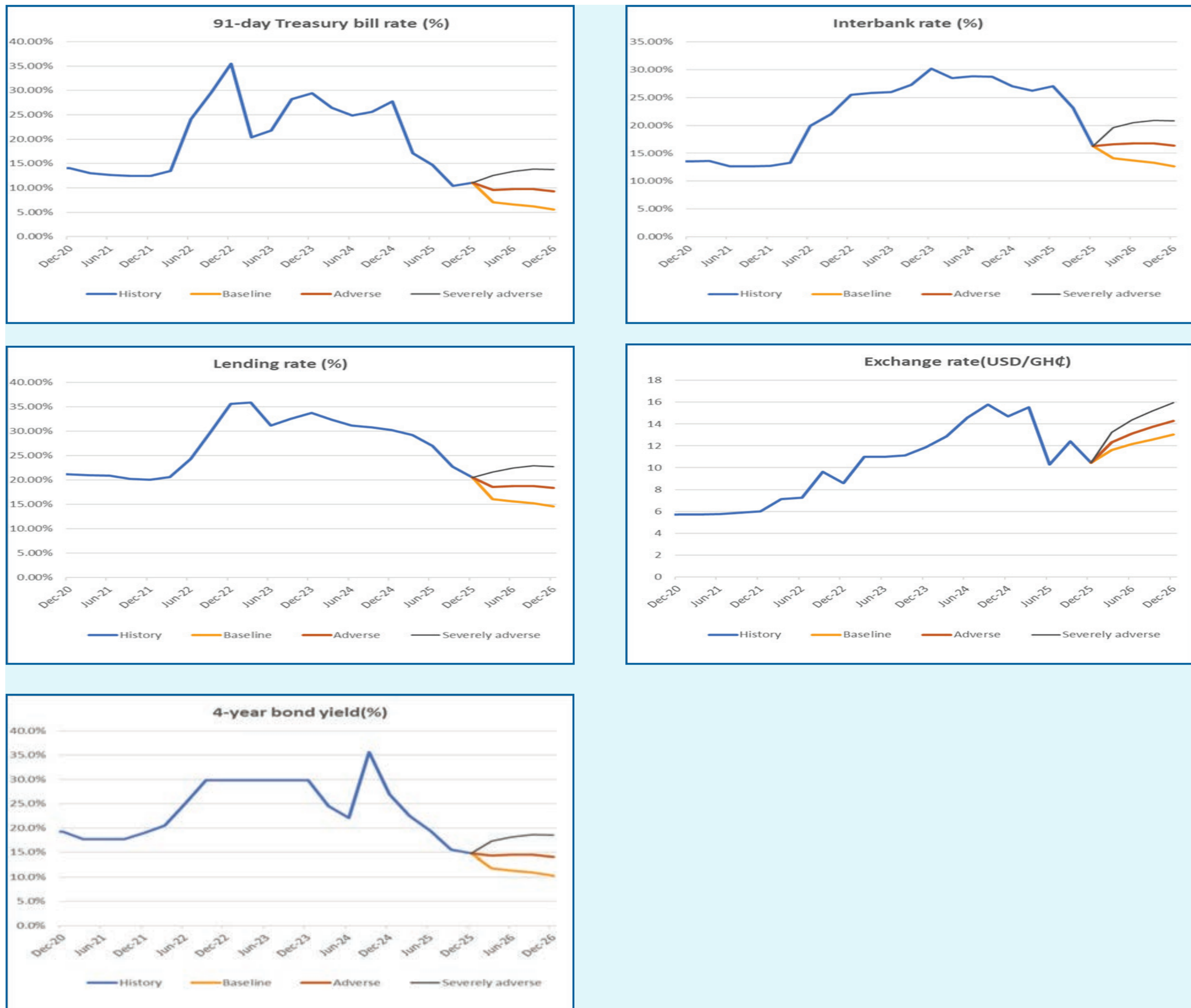
Macro Stress Test

The macro stress test captures the resilience of banks to adverse macroeconomic developments, largely relying on two satellite models that link macroeconomic variables to non-performing loans and net interest margin. The satellite models utilised projections for real GDP growth, inflation, interbank rate, lending rate, and cocoa prices covering 2026:Q1 – 2026:Q4 and lagged values of non-performing loans or net interest margin, where applicable. Yields on government instruments are used to revalue holdings of government securities, while exchange rate projections are used to revalue FX net open positions over the stress test horizon of one year. The projections of the macroeconomic variables are presented in Table 7.1 and Figure 7.1. Baseline scenario represents the central path or path under normal conditions; adverse scenario assumes a shock representing 30% deviation from the baseline, and the severely adverse scenario assumes a 60% deviation from the baseline.

Figure 7.1: Projections of macroeconomic variables



[18]The stability of the banking sector remains critical in preserving financial system stability in Ghana. Given that the banking industry accounts for over 75% of the financial sector's asset size and remains heavily interconnected with other industries within the financial sector, the assessment of the resilience of the financial system focuses on tail events/shocks to the banking industry. The total assets of banks account for 91.3% of the assets of the banking industry.



Source: Bank of Ghana

Credit Concentration Risk Stress Test

The credit risk stress test assesses the robustness of the industry's solvency to an extreme but plausible deterioration in the quality of loan assets. The impact of the deterioration in credit quality on the solvency position is estimated using the loan concentration model, which assumes the top borrowers of a bank will default simultaneously. The scenario evaluated the solvency of banks should their single largest borrower fail to honour their obligation, leading to the exposure migrating to the loss category of loan risk classification.

Other key assumptions include:

a. Loan collaterals are neither considered nor deductible from the loan except for cash collateral; and
b. The current provisioning rules are maintained.

Liquidity Risk Stress Test

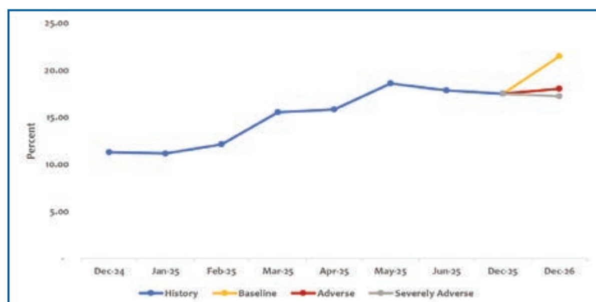
The liquidity risk stress test utilises the systemic withdrawal model, which assumes a system-wide run on banks over a specified number of days. The systemic withdrawal model evaluates the impact of a panic withdrawal on the liquidity positions of banks. Specifically, it assesses the liquidity of banks after an assumed run on the bank (up to 30 days). An institution with sufficient liquidity to meet the withdrawal needs during a bank run is deemed to have survived the shock. The model was run under the following assumptions:

a. Deposits withdrawn per day: 1%, 2%, 3%, or 4%
b. Number of days after the start of the systemic event: 30
c. Liquid assets available in a day: 95%
d. Other assets available in a day: 0%
e. Percentage of Government bonds assumed to be illiquid: 0% or 100%
f. Claims on foreign banks illiquid in foreign currency: 0%

Macro Stress Test Results

The stress test results show that the banking industry appears robust to plausible adverse macroeconomic developments in the outlook. Due to strong capital buffers, sustained macroeconomic stability, and large holdings of government instruments by banks, stress tests revealed that the banking sector is robust to adverse macroeconomic developments, including adverse growth outcomes and an increase in interest rates. Under baseline conditions of sustained positive macroeconomic developments, the CAR of banks could end 2026 at 21.5% from 17.5% recorded at end-2025. A deterioration in macroeconomic conditions could slow down NPL decline towards the 10% benchmark and increase operational costs, but these developments would be more than offset by gains from net interest income, leading to an increase in capital buffers. In line with the implementation of the NPL reduction strategy and favourable macroeconomic climate under baseline conditions, NPL is expected decline to 16.3% at end-December 2026. However, under deteriorating macroeconomic conditions representing 60% deviation from baseline conditions, NPLs could increase to 21.6% at end-December 2026, indicating the importance of sustaining macroeconomic stability in the outlook.

Figure 7.2: Results of Macro-Stress Tests

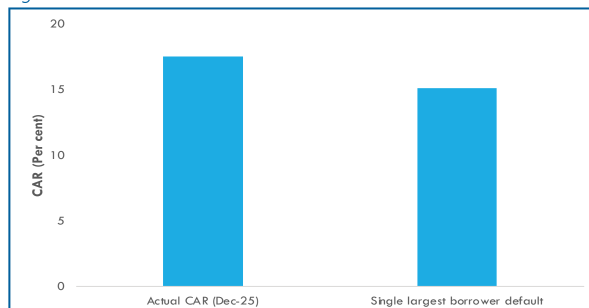


Source: Bank of Ghana

Credit Concentration Risk Stress Test

Credit concentration risk appears to be contained in the banking industry. As at end-December 2025, the single largest borrowers accounted for 6.5% of gross loans, with bank level concentration ranging from 3.4% to 19.3%. The stress test results showed that following the failure of the single largest borrower to honour their financial obligation to banks, the industry CAR could reduce to 15.1% at end-December 2026 from 17.5% at end-December 2025. Despite the broad-based resilience at the industry level, a few institutions are vulnerable to concentration risk. Going forward, the BoG would work closely with banks to ensure alignment of banks' governance arrangements, risk management frameworks, internal policies and processes with the provisions of the guidelines on management and measurement of credit concentration risk, and the large exposure directive. The implementation of these directives, amid improved capital buffers, is expected to help the industry guard against credit concentration risk in the near-to-medium term.

Figure 7.3: Credit Concentration Stress Test Result



Source: Bank of Ghana

Liquidity Risk Stress Test

Liquidity risk remains well-contained in the banking industry, provided GoG bonds are liquid. The stress test results revealed that most banks would survive daily deposit withdrawals of 1% to 4% for 30 days if the GoG bonds market were liquid. However, some banks would not survive a run of more than 3% of daily deposit withdrawals for 30 days, in case the GoG bond market is illiquid, reinforcing the need to ensure a liquid secondary market.

Table 7.1 Results of Liquidity Stress Test – Bank Run Model

Assumed proportion of GoG bonds illiquid	No. of banks surviving liquidity stress or bank run				
	Baseline	1% Daily Withdrawals	2% Daily Withdrawals	3% Daily Withdrawals	4% Daily Withdrawals
0%	23	23	22	22	21
100%	23	22	21	17	11

Source: Bank of Ghana

Summary and Outlook

The resilience of the banking industry has improved markedly, reflecting the sustained improvement in soundness of the industry and macroeconomic performance post-DDEP. The stress test results showed that the banking industry is well-positioned to contain adverse shocks emerging from global and domestic macroeconomic developments. Slowdown in NPL build-up is expected to be sustained into the near-term, with adverse macroeconomic outlook likely to constrain NPL decline towards the 10% threshold. Risks emerging from single borrower default and liquidity pressures were well contained due to sound concentration risk management and adequate liquidity in the banking industry. The results

underscore the need for a sustained macroeconomic recovery, sound credit risk management, and well-structured implementation and unwinding of the DDEP reliefs, which cushioned banks against the DDEP shocks. Despite the improved stability at the industry level, some vulnerabilities exist among a few institutions. However, in the near to medium term, it is expected that a robust macroeconomic recovery, sustained profitability, stronger shareholder support, and improved risk management practices of banks amid enhanced supervisory oversight would improve the soundness and stability of the banking industry.

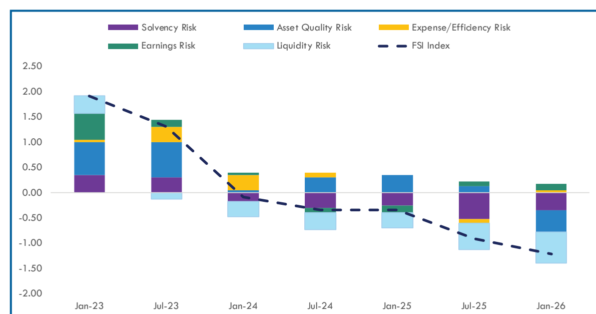
7.2 SYSTEMIC RISK SURVEY OF BANKS

The BoG conducts a systemic risk survey of banks to assess their perception of risks to, and level of confidence in, the financial system. The Systemic Risk Survey (SRS) is a semi-annual survey aimed at quantifying and tracking banks' perception of financial stability risks in a forward-looking manner. The latest round of the survey, which was conducted in January 2026, with a response rate of 100%, evaluated banks' views on emerging risks and their level of confidence in the stability of the financial system of Ghana.

Perception of Risks to Financial Soundness

The survey results revealed that in the outlook, banks anticipate a continued moderation in risk to banking sector soundness. The overall Financial Soundness Risk Perception Index[19] continued to moderate in January 2026, an indication of a sustained perceived positive outlook. The moderation was largely driven by reduced concerns of banks over liquidity, asset quality, and solvency conditions over the next one-year.

Figure 7.4: Decomposition of Overall FS Perception Risk Index -1 year ahead

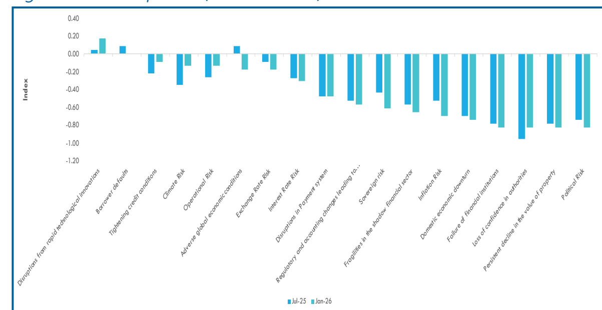


Source: Bank of Ghana

Perception on Likelihood and Impact of Occurrence of Systemic Risks

The likelihood of occurrence of systemic risk as perceived by banks continued to remain low per the January 2026 survey. Disruptions emerging from rapid technological innovations were perceived by banks to have the highest likelihood of occurrence in the next one-year in the January 2026 survey, while adverse global economic conditions and borrowers' default risks were recorded in the July 2025 survey as risks with the highest likelihood of occurrence.

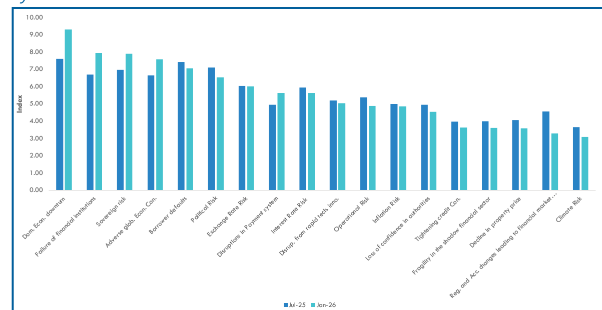
Figure 7.5: Perception of Likelihood of Occurrence: 1 Year Horizon



Source: Bank of Ghana

Perceived risks with the greatest impact on the financial system largely remained unchanged. The January 2026 round of survey identified domestic economic downturn and failure of financial institutions as the risks with the highest potential impact on the financial system, should they crystallise in the next one-year. In contrast, the July 2025 round of survey revealed domestic economic downturn and borrower defaults as the risks with the greatest impact on the financial system in the event of crystallisation.

Figure 7.6: Risks with the Greatest Potential Impact on the Financial System -1 Year Horizon



Source: Bank of Ghana

Perceptions on the Stability of the Financial System

The survey results showed that market participants remain optimistic about the stability of Ghana's financial system, with confidence expected to remain strong over the next one-year. In both the January 2026 and July 2025 surveys, all respondents expressed confidence in the stability of the financial system over the next one-year though the levels of confidence differed. In the January 2026 survey, 4.3% of the respondents expressed "complete confidence", 60.9% were "very confident", and 34.8% were "somewhat confident" in the stability of the financial system in the next one-year. In comparison, the July 2025 survey recorded no respondents with "complete confidence", with 82.6% "very confident" and 17.4% "somewhat

[19] *The Financial Soundness Risk Perception Index (FSRPI) is a composite index of banks' perception of risk relating to solvency, liquidity, earnings, efficiency, and asset quality. A decrease in the index represents a reduction in risk perception and vice versa.*

Perceptions on the Stability of the Financial System

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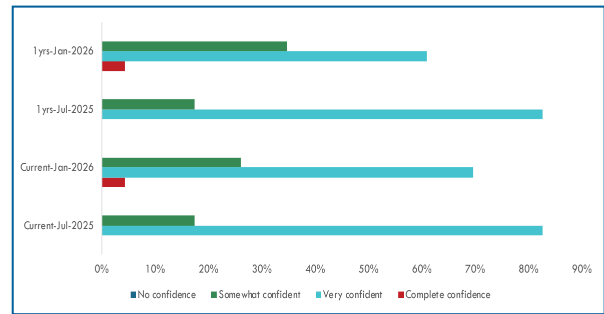
Figure 7.7: State of Confidence in the Stability of Ghana's Financial System



Source: Bank of Ghana

CHAPTER 8: Special Features

8.1 Ghana's Third (3rd) Round Mutual Evaluation: Post-Onsite Feedback Session with the Relevant Institutions

Ghana successfully hosted the onsite visit by the Inter-Governmental Action Group against Money Laundering in West Africa for Ghana's Third (3rd) Round ME exercise. The Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) is a specialised institution of the Economic Community of West African States (ECOWAS) and has commenced the 3rd Round of ME of its member States, starting with Ghana. The evaluation assesses Ghana's compliance with the international Anti-Money Laundering/Combating the Financing of Terrorism/Combating Proliferation Financing (AML/CFT/CPF) standards established by the Financial Action Task Force (FATF).

The onsite visit marked the most critical phase of the evaluation process. During the mission, held from January 26 to February 6, 2026, a team of international assessors and staff of the GIABA Secretariat engaged extensively with stakeholders across Ghana's public and private sectors to validate the country's level of Technical Compliance with the FATF 40 Recommendations and assess the effectiveness of its AML/CFT/CPF framework. The onsite visit provided Ghana with a valuable opportunity to demonstrate the legislative reforms, regulatory enhancements, and institutional coordination improvements undertaken since the last evaluation. It also reflected sustained national commitment to strengthening financial integrity, protecting the financial system, and combating illicit financial flows. The successful completion of the onsite mission represents a significant milestone in Ghana's AML/CFT/CPF journey.

The final report of the ME is expected to be considered for adoption at the GIABA Plenary scheduled for November 2026; however, the FIC organised a feedback session at the end of the onsite visit. The objectives of the stakeholder session were to formally acknowledge the contributions of the participating institutions, facilitate the sharing of experiences, and gather candid feedback to strengthen Ghana's AML/CFT/CPF regime. The session also provided an opportunity for regulatory authorities, law enforcement agencies, competent authorities, and accountable institutions (reporting entities) to share their experiences and highlight issues arising from the onsite visit, as well as to provide candid recommendations for future evaluations.[20]

The assessors recommended several actions based on their initial examination of Ghana's AML/CFT/CPF regime. Key recommendations included strengthening prosecutorial approaches, expanding capacity-building programmes, developing structured plans and knowledge transfer mechanisms, improving case management systems, enhancing inter-agency cooperation, establishing a structured, multi-stakeholder risk assessment framework, and ensuring adequate budgetary allocations for AML/CFT/CPF activities.

The feedback session provided valuable insights into the perspectives and concerns of the stakeholders and institutions represented. Integrating the recommendations will strengthen operational effectiveness, enhance compliance, foster greater stakeholder confidence, and improve processes and future outcomes.

8.2 Microfinance Sector Reform[21]

Introduction

While Ghana's Specialised Deposit-Taking Institutions sector has deepened financial inclusion, its overall contribution has been constrained by prolonged performance challenges. The Specialised Deposit-Taking Institution (SDI) sector's share of the banking system's assets declined to 8% in 2024 from approximately 15% in 2017, reflecting a reduced contribution to financial inclusion and development, as well as an erosion of confidence in the sector. More fundamentally, it reflects persistent fragmentation, weak capital bases, governance deficiencies, operational

[20] *Relevant stakeholders engaged included BoG, NIC, SEC and their respective regulated entities, the FIC, Minerals Commission (MinCom), Judicial Service, General Legal Council (GLC), Ghana Bar Association (GBA), Office of the Attorney General and Ministry of Justice (OAJMG), Ministry of Foreign Affairs, Ghana Police Service, EOCO, Office of the Special Prosecutor (OSP), Ghana Immigration Service (GIS), Ghana Revenue Authority (GRA), National Intelligence Bureau (NIB), National Counter-Terrorism Fusion Centre, Non-Profit Organisation Secretariat (NPOS), Institute of Chartered Accountants (ICAG), Gaming Commission, Real Estate Agency Council (REAC) and its regulated entities and the Office of the Registrar of Companies (ORC).*

[21] *This special feature was contributed by the Other Financial Institutions Supervisory Department (OFISD) of the BoG.*

inefficiencies, high and often indiscriminate interest rates, and widespread mission drift. These weaknesses are particularly concerning given the deposit-taking nature of the business. The introduction of proactive and deliberate measures to change course and reverse these trends is therefore necessary.

Over the years, the Bank has undertaken several measures to address these challenges. These include tightening permissible business activities, restricting the licensing of new institutions, strengthening supervisory interventions, and the financial sector clean-up in 2019. These measures laid strong foundations and provided lessons for the current holistic reform. After the 2019 clean-up, the BoG, the MoF, the WB, other development partners, and industry stakeholders have undertaken extensive diagnostic reviews, comparative country studies, and consultations to develop a comprehensive reform package. This collaboration culminated in the development of this structural reform framework in 2025.

Objectives of the Reform

The new microfinance architecture seeks to enhance resilience, rebuild public trust, and deepen financial inclusion. Specifically, the reform aims to:

a. **Strengthen Institutional Architecture:** Resolve existing regulatory and institutional fragmentation by establishing a clear and coherent sector framework that delineates the roles and operational boundaries of the different institutional categories by aligning core business models with the characteristics of their primary market segments.
b. **Enhance Operational Soundness and Resilience:** Address weaknesses in capitalisation, governance, and operational efficiency that undermine institutional viability and threaten depositors' funds by enhancing the financial strength, improve governance standards, risk management practices, and facilitate the enforcement of consistent regulatory and supervisory standards.
c. **Enhance Modernisation and Integration into the Financial System:** Strengthen the sector's integration into the national financial architecture by advancing modernisation and fostering a technology-driven ecosystem. Key measures include establishing centralised platforms for account and reserve management, capacity development, enhancing payment systems, accelerating digital transformation, embedding robust cybersecurity protocols, and improving reporting standards.
d. **Promote Inclusive Ownership and Expand Economic Opportunities:** Embed inclusivity in ownership and governance by empowering communities, groups and individuals. This is expected to create a framework that attracts complementary investment and expertise and ensures broad distribution of economic benefits.
e. **Strengthen Financial Stability and Policy Transmission:** Ensure that microfinance institutions contribute to the effective transmission of monetary, fiscal, and financial inclusion policies, and promote systemic stability.

The New Microfinance Sector Framework

The new microfinance sector comprises four distinct but complementary institutional categories. These are Microfinance Banks (MFBs), Community Banks (CBs), Credit Unions (CUs), and Last Mile Providers (LMPs).

a. Microfinance Banks
MFBs will serve as the sector's commercial wing, targeting MSMEs and middle-to-high-income individuals. Given their market-facing orientation and exposure to elevated risks, MFBs will be subject to enhanced regulatory and supervisory standards, including higher capital, governance, operational and risk management requirements.

b. Community Banks
CBs represent a remodelling of the traditional rural banking model into a modern, future-oriented institutional framework designed to integrate both rural and urban communities into the national economy. The sector's unique community ownership, governance, and banking practices will be enhanced to ensure that indigenous populations participate not only as customers, but also as owners, decision-makers, and practitioners. In line with this, urban communities may also organise to establish new CBs. The CBs sector has the potential to promote indigenous stake in the industry.

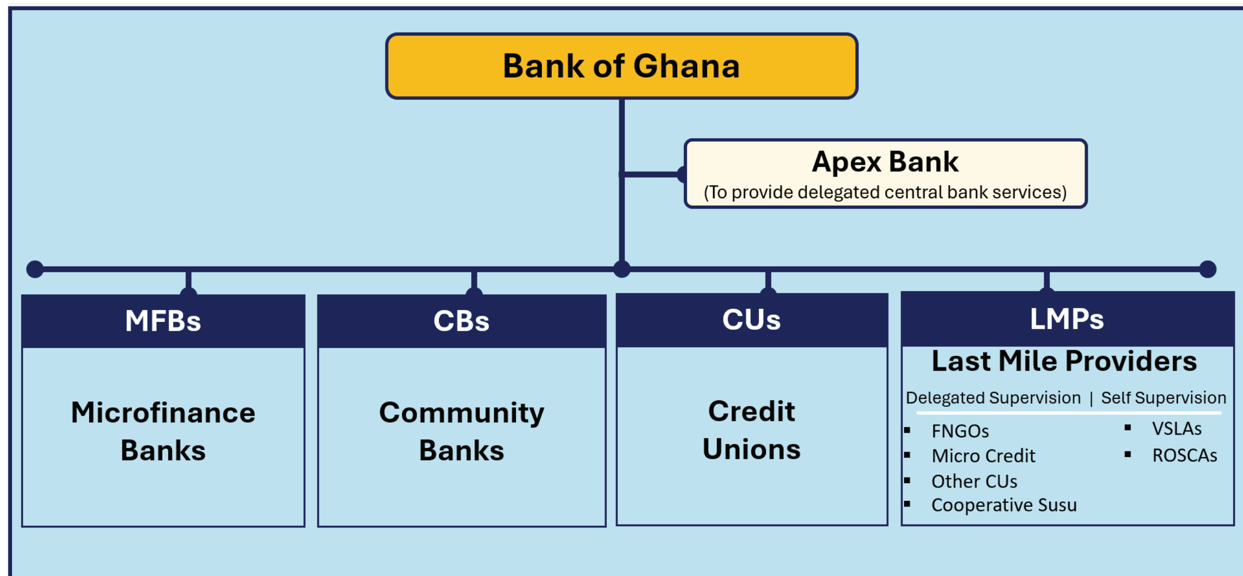
c. Credit Unions
The BoG will supervise larger CUs, based on defined thresholds, and tailored prudential requirements. CUs will continue to operate on cooperative principles and encouraged to promote savings and credit among work, community, and faith-based groups.

d. Last Mile Providers
LMPs will serve informal, underserved, and hard-to-reach populations. They will be organised under parent associations and supervised through delegated arrangements for a light touch regulatory

approach, while ensuring responsible practices and protecting participants.

ARB Apex Bank will be restructured as a strategic, sector-wide policy instrument. Moving beyond its traditional focus on Rural and Community Banks, the ARB Apex Bank will serve as a centralised service hub and intermediary for the entire microfinance industry. This reform covers restructuring and retooling the ARB Apex Bank to strengthen policy transmission, compliance enforcement, and sector-wide resilience in line with national priorities.

Figure 8.1: The New Microfinance Sector Framework [22]



Note: Savings and Loans Companies, Finance Houses, Deposit-taking Microfinance Companies, and Microcredit Companies shall transition into the MFB category; and Rural Banks shall transition into the CB category or pursue consolidation or other options set out in the implementation Guideline. Credit Unions are financial cooperatives supervised by the Bank of Ghana once they meet the prescribed threshold. (See the main Guideline for details of the transitional arrangements and other options.)

Source: Bank of Ghana

Implementation Strategy and Early Results

Some notable achievements have been made in the implementation of the reform. The reform has achieved broad acceptance across industry, academia, and development partners through a highly participatory design process. It has also been well integrated into national policy discourse, gaining formal recognition in the MoF's 2026 National Budget. The BoG has issued comprehensive guidelines to give effect to the new framework, with implementation spanning the entire 2026 through to early 2027.

8.3 Green Bonds Regulation in Ghana [23]

Introduction

Investor interest in ESG considerations has shifted from the periphery to the core of capital allocation and risk assessment. In response, regulators and exchanges worldwide are intensifying efforts to standardise sustainability disclosures, exemplified by the International Sustainability Standards Board's (ISSB) proposed global framework to ensure ESG reporting is both transparent and decision-useful. In line with these global trends, regulating green bond issuances in Ghana is not only timely but essential. The country has articulated its climate ambitions through a suite of national policies over the past decade.[24]

A robust green bonds framework remains critical in mobilising private and institutional investments to support the achievement of Ghana's Nationally Determined Contributions targets. Ghana's 2022 Budget reaffirmed its Nationally Determined Contributions (NDC) targets, projecting that ten priority programmes over the next decade could deliver a cumulative reduction of 64 Million Metric Tons of Carbon Dioxide Equivalent ($MtCO_2e$). However, achieving these targets will require an estimated US$9.30 billion in mitigation and adaptation investments. Mobilising such capital domestically and internationally calls for clear regulatory frameworks that promote investor confidence, transparency, and accountability. Given fiscal constraints and intensifying competition for international capital, public funding alone is insufficient. A robust green bond framework consistent with international best practices and supported by firm disclosure and oversight mechanisms is, therefore, critical to mobilise private and institutional investments.

Ghana faces severe climate-related risks. Rising temperatures beyond the global 1.5°C threshold threaten to reverse decades of development progress by intensifying systemic vulnerabilities across economies, infrastructure networks, food and water systems, public health, and livelihoods. Ghana exemplifies this climate paradox. Despite low per

[22] FNGOs refer to financial non-governmental organisations; VSLAs refer to village savings and loans associations; and ROSCAs refer to rotating savings and credit associations.
[23] This special feature was contributed by the SEC.
[24] Policies include the National Climate Change Adaptation Strategy (2012), the National Climate Change Policy (2013), the Nationally Determined Contributions (NDC) (2015), and the National Climate Change Master Plan Action Programmes (2015–2020), Carbon Markets: engaging in voluntary carbon markets, such as Africa Carbon Markets Initiative, Ghana Carbon Registry, Extended Producer Responsibility, Sustainable Banking Principles (2019) and Sustainable Finance Roadmap by Bank of Ghana (2024), Ghana Sustainable Finance Framework (2021), Ghana Stock Exchange ESG Disclosures Guidance Manual (2022), Ghana Green Finance Taxonomy (2024), SEC Green Bonds guidelines (2024), Renewable Energy Masterplan REMP (2025), Plastic Alternatives Adoption Policy Blueprint (2025), Environmental Protection Act (2025), National Green Jobs Strategy (2026), all anchored by a National Adaptation Policy Framework.

capita emissions, the country faces escalating exposure to floods, droughts, heat stress, land degradation, and declining hydropower reliability, with measurable macroeconomic consequences. Empirical estimates suggest that climate damages could reduce Ghana's GDP by between 8% and 30% by mid-century under high-emissions scenarios, with annual flood losses projected to double to approximately US$200 million by 2050 and drought-related losses rising sharply as rainfall patterns deteriorate.[25] Climate-induced heat stress is also expected to reduce agricultural labour productivity by up to 8.5%, undermining food security and rural incomes, while global decarbonisation trends pose transition risks to Ghana's export base, which remains heavily concentrated in oil, gold, and cocoa.

The emergence of climate-related risks underscores the urgency of mobilising innovative and scalable financing instruments, particularly in an environment of constrained fiscal space and competing development priorities. Green bonds offer a targeted mechanism to channel long-term capital into climate-risk mitigation and adaptation investments, including renewable energy deployment, climate-resilient infrastructure, sustainable agriculture, water and sanitation systems, and nature-based solutions. Ghana's NDCs and Climate Prosperity Plan envisage substantial investments in renewable energy, requiring the installation of up to 1.7 Gigawatts (GW) by 2030 and significantly more under Paris-aligned pathways, as well as investments in green industrialisation, sustainable transport, and biodiversity conservation, with cumulative financing needs running into billions of US dollars by 2050.

Within this context, a well-regulated green bonds market is not merely a niche financing option but a strategic pillar of Ghana's climate finance architecture. By providing credible, transparent, and standards-aligned instruments, green bonds can attract domestic and international ESG-oriented investors, lengthen funding maturities, reduce reliance on short-term budgetary financing, and deepen capital market participation. Importantly, a robust green bond framework also strengthens market discipline by linking capital allocation to verifiable environmental outcomes, thereby enhancing investor confidence and mitigating greenwashing risks. As Ghana seeks to meet its climate commitments, safeguard macro-financial stability, and transition towards a climate-resilient growth model, the development of a credible and well-supervised green bond market is not optional; it is essential to aligning capital markets with the country's long-term environmental, social, and economic objectives.

Regulatory Framework for Green Bonds

In the last five years, the SEC has made significant strides towards enhancing green financing. In 2021, the SEC, in collaboration with the government, launched the Sustainable Financing Framework. This was an important step towards mobilising investment for climate resilience and inclusive growth. In 2022, the SEC approved the Ghana Stock Exchange's ESG Disclosure Guidance Manual, which aligns with international standards such as the Global Reporting Initiative (GRI) and the UN Sustainable Development Goals (SDGs). This manual supports listed companies in disclosing consistent, transparent ESG information, with the aim of integrating ESG considerations into corporate strategies. Building on this momentum, the SEC partnered with the International Finance Corporation (IFC) to develop Green Bond Guidelines, laying the groundwork for a green capital market in Ghana. The SEC also embedded the SDGs in its 10-year CMMP, reflecting a long-term commitment to sustainable finance. In 2023, the SEC joined the Sustainable Banking and Finance Network (SBFN), a strategic move to enhance technical capacity and accelerate the adoption of sustainable finance practices across Ghana's financial system.

The regulatory framework for green bonds in Ghana is anchored by the Green Bond Guidelines (Securities Industry (Green Bond) Guidelines 2024). These guidelines, developed and launched in 2024, are modelled around the internationally recognised Green Bond Principles published by the International Capital Market Association (ICMA). They are designed to create a transparent domestic green securities market by ensuring issuers adhere to high standards of disclosure, integrity, and quality. A key focus of the guidelines is to prevent the issuance and investment in "greenwashed" bonds[26], thereby protecting investors while promoting genuine sustainable finance. Through these measures, the framework is expected to support the growth of a green bond market that channels funds into projects with positive environmental impacts.

A strong legal framework exists for the issuance of green bonds. The issuance of green bonds is limited to public entities. The eligible issuers include Ghanaian companies, external companies, special purpose vehicles (SPVs), statutory corporations, local government authorities, and supra-national institutions. This scope is designed to attract a broad range of entities capable of driving impactful, environmentally focused projects. The legal and regulatory framework guiding these issuances includes the Securities Industry Act, 2016 (Act 929) as amended, the SEC Regulations (L.I. 1728), the Companies Act, 2019 (Act 992), and the GSE Listing Rules. Complementing these are specific documents like the Green Bond Guidelines and SEC Guidelines on Public Offers, which provide additional clarity and governance for the green bond issuance

[25]Nxumalo and Dhushyanth (2022), Shocks and Social Safety Net Program Participation in Ghana - Descriptive Evidence from Linking Climate Risk Maps to Programs Beneficiary Rolls.
[26]Greenwashed bonds refer to bonds that falsely claim environmental benefits.

process.

The SEC based its Green Bond Guidelines on the well-established Green Bond Principles by the ICMA. In line with the principles of the ICMA, the Green Bond Guidelines focus on keeping the market transparent, trustworthy, and impactful, ensuring that green bonds truly support projects that benefit the environment. In practice, the guidelines have the potential to build a strong and credible local green finance market. They encourage companies to be clear about how funds will be used and ensure there is proper reporting throughout the life of the bond. This not only builds investor confidence but also helps prevent greenwashing. In effect, Ghana is steadily building a credible green finance system that reflects global best practices and supports the attainment of 7 out of the 17 UN SDGs.

The guidelines outline mechanisms that ensure proceeds from the issuance of finance projects have a positive environmental impact. The net proceeds from the issuance of green bonds must be earmarked for specific environmental projects. Eligible projects include investment in renewable energy, energy efficiency, green buildings (including IFC Excellence in Design for Greater Efficiencies (EDGE)), clean transportation, sustainable waste management, climate change adaptation, sustainable farming, and terrestrial and aquatic biodiversity conservation. Proceeds must be directly credited to a dedicated account established solely for the green bond project, ensuring transparent tracking and allocation. In instances where the project encompasses multiple sub-projects, the proceeds must be meticulously allocated to each individual component. For other scenarios, the issuer must employ a suitable tracking methodology, formally documented within their internal processes, to demonstrate a clear and auditable link between the bond proceeds and their operations related to eligible green initiatives. This rigorous approach to fund management underscores the commitment to the environmental objectives of the green bond.

The Green Bond Guidelines provide clear mechanisms for performance measurement. Issuers are expected to employ both quantitative and qualitative performance indicators to evaluate the outcomes and results achieved by projects financed through green bonds. Crucially, relevant indicators that allow for the quantification of the anticipated environmental impacts must be defined upfront. Subsequent changes to these impact measurement indicators require transparent disclosure to bondholders and the public, accompanied by a clear explanation for the alteration. To further enhance credibility and accountability, information concerning the environmental impacts of green bond-financed projects may be subject to review and confirmation by independent experts. An issuer shall disclose the following in its Green Bond Framework (GBF):

a. An accurate description of the types/categories of projects identified and selected or eligible for financing or refinancing, with a clear presentation of anticipated environmental benefits and the methodology used;
b. The methodology for identifying and managing environmental risks potentially associated with financed projects, particularly in the case of infrastructure financing projects; and
c. Where all or part of the proceeds are used for refinancing, GBF shall indicate the share issuance for refinancing and clarify which projects or portfolios of projects are affected by the refinancing.

Green bond issuers are subject to stringent disclosure requirements to maintain transparency and accountability. Before issuing green bonds, entities must submit a draft information memorandum or prospectus—and any required pricing supplements—to the SEC for approval, in line with existing laws and regulations for public bond issuance. Subsequently, to ensure ongoing transparency, issuers are required to publish an updated list of projects financed or refinanced by their green bonds on an annual basis, or immediately in the event of material developments. This disclosure must include details such as a brief project description, the amount allocated to each project, the anticipated environmental impact, and any unutilised balances. Furthermore, issuers are obligated to disclose the actual impact achieved by each project, categorised by project type and presented on an overall basis, within their annual reports submitted to the SEC, bondholders, and the relevant securities exchange. In the event of major occurrences, immediate disclosure to the relevant authorities and stakeholders is mandatory.[27] Furthermore, issuers must adhere to periodic disclosure obligations applicable to all bond issuers, in addition to specific reporting commitments outlined in the issuers' GBF. This includes regular reporting on the use of funds (detailing project types, allocated amounts, issuance schedules, and unused balances) and the environmental impacts of the funded or refinanced projects.

There is a requirement for an independent verification of green credentials to enhance investor confidence and market integrity. Before issuing green bonds, an issuer must obtain an independent external review confirming the environmental legitimacy of the projects and the issuer's green commitments. This review, conducted by a qualified expert adhering to ICMA principles, is submitted to the SEC and may be supplemented by green bond certification or ratings. The expert's opinion details their qualifications,

[27]These events include delays in the planned use of funds, significant negative discrepancies between anticipated and actual environmental impacts of funded projects (whether individual or global), changes in the designated external reviewer for the issuer's procedures or the independent verification of the issuance, events that could materially affect the environmental performance of the projects, and any alterations to the commitments made by the issuer at the time of issuance.

methodology, and any potential conflicts, while their report assesses environmental impact, verifies green bond elements, and evaluates material environmental risks.

There exist stringent sanctions for non-compliance with the Green Bond Guidelines. SEC has established a clear sanctions regime for non-compliance with its issued codes, directives, guidelines, or circulars. Upon a breach, the SEC is empowered to take actions as outlined in specific sections of the Securities Industry Act 929, 2016, impose administrative penalties ranging from a minimum of 50 penalty units up to a maximum of 20,000 penalty units, or apply a combination of both measures as deemed necessary. Furthermore, the SEC retains the authority to levy additional administrative penalties or initiate other remedial actions considered appropriate for safeguarding investor interests and upholding the integrity of the securities market.

Conclusion

Ghana stands at a pivotal juncture in its pursuit of climate resilience and sustainable development. Recognising the limitations of traditional financing mechanisms in addressing its NDCs, the SEC's proactive steps in establishing a regulatory framework for green bond issuances are essential. The Green Bond Guidelines conforming to international best practices, particularly the ICMA's Green Bond Principles, lay the foundation for a transparent and impactful green domestic finance market.

8.4 Emerging Risks in the Payment Systems Sector[28]

Introduction

The payment space showed improved resilience in response to policies and initiatives undertaken in the past. In 2025, the BoG strengthened its oversight of the payments and settlement system by focusing on various initiatives for improvement. This led to the introduction of innovative payment products and services to meet evolving market demands. A total of fifty-three (53) approvals were granted to regulated financial institutions to introduce various products and services in 2025. This compares with fifty (50) approvals granted to financial institutions in the year 2024. This development reflects the continuously evolving payment landscape and the commitment of financial institutions to roll out products and services that meet the ever-changing demands of the market. The approved products and services for the year comprised inbound remittance services, digital micro loans, digital savings, agency banking services, mobile banking services, and card issuance, among others.

Non cash payment streams performed impressively in the year 2025, indicating the increased adoption of various electronic payment alternatives. The Ghana Inter-bank Settlement (GIS), designed for instantaneous transfer and settlement of large-value funds, experienced an increase in the total value of transactions. The total value of transactions increased by 54.1% in 2025 to GH₵9.45 trillion from GH₵6.13 trillion, compared to 78.1% increase in 2024. The strong performance of the GIS reflects heightened economic activity and greater participation by financial institutions on the platform.

The GhIPSS Instant Pay (GIP) platform continues to be a major instant payments option in Ghana. The GIP service, which allows the real-time transfer of funds, recorded impressive growth in value in the year 2025. The total value of transactions doubled to GH₵712.00 billion in 2025 from GH₵355.10 billion in 2024.

Internet and mobile banking transactions continued to grow in 2025. The total value of internet banking transactions recorded a significant growth of 80.7%. Additionally, the value of mobile banking transactions grew significantly by 130.5%. The impressive performance of internet and mobile banking in Ghana proves the acceptance of digital funds transfer services in Ghana and the shift from a reliance on cash to cashless services.

The BoG introduced initiatives to strengthen payment systems oversight. Key among them was the development and adoption of the National Payment Systems Strategy (2025–2029), designed to enhance payment systems interoperability; promote open banking and data-sharing frameworks; strengthen electronic Know Your Customer (eKYC) processes; and safeguard payment systems. It is also expected to strengthen oversight by guiding policy development, standardisation, and risk management while aligning regulatory goals with technological evolution and inclusion. Other initiatives include the development of the Framework for Systemically Important Payment Systems (SIPS) to ensure that critical payment infrastructures operate under enhanced oversight and risk management standards, and the introduction of guidelines for agency banking for banks and SDIs.

Emerging Risks Within Payment Systems in Ghana and Mitigating Policies

The BoG revised the Cybersecurity and Information Security Directive to address growing cybersecurity concerns. With the accelerated adoption of digital payments, especially real-time, mobile, and interoperable systems, cybersecurity risks, online fraud, and information security vulnerabilities became

[28] *This special feature was contributed by the Payment Systems Department of the BoG*

a central concern in 2025. To mitigate these risks, the BoG has improved cybersecurity regulation to tighten cyber governance requirements for payment services providers, elevate accountability, and enhance system-wide monitoring. Additionally, the BoG reshaped its oversight with the focus to explicitly prioritise cybersecurity, consumer protection, and risk oversight in agent banking operations, digital credit operations, and payment card services, in alignment with the Payment Systems and Services Act, 2019 (Act 987).

The BoG has implemented measures to deal with the emergence of unauthorised remittance service providers. The operations of unauthorised remittance service providers create distortions in the cost of remittance service provisions. Additionally, the shift from OTC remittance services to the termination of funds directly into bank accounts and mobile money wallets introduced new risks to the remittance space. In response, the BoG introduced the Guidelines for International Money Transfer Operators (IMTOs) to streamline registration, enhance transparency, and enforce robust due diligence of IMTOs. The Guidelines are intended to strengthen oversight of the remittance space and maintain financial stability.

The Payment Systems Strategy will address inefficiencies associated with manual payment processes. Manual payment processes, particularly in public sector payments, are inefficient and pose reconciliation challenges and fraud risk to the entire payments ecosystem. The Payment Systems Strategy (2025 – 2029) provides a new strategic direction and roadmap to modernise the payments system and eliminate manual processes going forward.

8.5 Emerging Risks in the Fintech Sector[29]

Introduction

FinTechs have rapidly transformed Ghana's financial sector by reshaping service delivery models and blurring traditional industry boundaries, but present new risks. Through strategic partnerships with banks and other regulated financial institutions, FinTechs have enhanced operational efficiency and enabled the provision of affordable digital financial services. These innovations have significantly improved access, convenience, and overall user experience for consumers. The importance of digital financial services was particularly evident during the COVID-19 pandemic, during which they played a critical role in sustaining economic activity, advancing financial inclusion, and supporting economic growth. Notwithstanding these benefits, the rapid expansion of FinTech-driven innovations has introduced a range of complex and evolving risks. If these risks are not adequately identified, assessed, and mitigated, they may pose material threats to consumer protection, market integrity, and the overall stability of the financial system.

Emerging Risks in the FinTech Subsector and Policies to Address Them

In 2025, FinTechs continued to rely heavily on advanced technologies, extensive data collection, and analytics to deliver consumer-centric financial products and services. The pace at which FinTech innovations were being adopted, coupled with increasingly complex and dynamic business models, intensified existing risks while introducing new vulnerabilities.

The Risk of the Expansion of the Virtual Assets Ecosystem

The economy has witnessed growing adoption of virtual assets amid minimal regulatory oversight. One key area of concern was the rapid growth of the virtual asset economy, which was already reshaping Ghana's financial landscape in a largely informal and less visible manner. Ghana was ranked twenty-ninth (29th) globally in the 2023 Chainalysis Global Cryptocurrency Adoption Index. Separate industry estimates, including those by TripleA and other crypto platforms and market intelligence providers, suggest that over three million Ghanaians currently hold or use cryptocurrencies. Virtual assets have gained wider acceptance and become increasingly integrated into the financial ecosystem – providing innovative products, services, and alternative payment mechanisms. However, the rapid expansion also presents significant regulatory and supervisory challenges, particularly in our environment, where regulatory frameworks, oversight structures, and enforcement mechanisms were in the preparatory or developing stage.

The uncontrolled use of virtual assets could adversely impact the Ghana Cedi and the foreign exchange market and facilitate illegal money transfers. These include its potential misuse for illicit activities such as money laundering and terrorist financing, regulatory and compliance gaps, cybersecurity and operational vulnerabilities, fraud, heightened price and market volatility, and risks arising from cross border transactions. There were also concerns about the impact of virtual assets on the Ghana Cedi and the FX market. Many virtual assets, especially stablecoins, are linked to foreign currencies such as the US dollar. As more people use these assets, they may prefer holding value in foreign currency based digital assets instead of the Ghana Cedi. This could reduce demand for the Ghana Cedi, encourage money to move out of the country through digital channels, and increase pressure on the exchange rate. Addressing these risks in a proactive and proportionate manner is critical

[29]This special feature was contributed by the Fintech and Innovation Department of the BoG.

to safeguarding financial stability while supporting responsible innovation within the FinTech sector.

The BoG, in collaboration with other industry stakeholders[30], has laid a strong legal foundation for the regulation of virtual assets. In response to the growing risks associated with the rapid and largely informal expansion of the virtual asset ecosystem, the BoG proactively facilitated the enactment of the Virtual Asset Service Providers Act, 2025 (Act 1154). The Act establishes a clear legal and supervisory framework for virtual asset activities, introducing licensing, AML/CFT obligations, operational risk controls, and enforcement powers. These measures are aimed at mitigating risks related to illicit financial flows, cybersecurity vulnerabilities, fraud, market volatility, and cross border transactions, while supporting responsible innovation and safeguarding financial stability.

The BoG has strengthened inward remittances regulation and oversight to improve market integrity and consumer protection. The BoG updated its Guidelines for Inward Remittance Services by Payment Service Providers in 2025, with targeted measures to address these risks. The Guidelines require payment service providers to review and report dormant Money Transfer Operator (MTO) partnerships after six months of inactivity, thereby strengthening oversight and accountability. Again, the updated Guidelines improve transparency on the use of Online Vendor Accounts (OVAs), requiring remittance specific Application Programming Interfaces (APIs) (with unique identifiers) and mandating that remittance OVAs be funded only through approved settlement bank accounts. Furthermore, reporting requirements have been strengthened by reducing the periodicity from monthly to weekly submissions, enabling the BoG to monitor activities in a timelier manner. Finally, the Guidelines standardise foreign exchange conversion rates by requiring all licensed entities to apply the Bloomberg rate on a consistent basis and introduced explicit ethical business conduct rules to prevent unfair or anti competitive practices. Collectively, these measures will enhance transparency, reduce systemic risk, and strengthen the integrity of Ghana's inward remittance ecosystem.

The BoG took decisive action to curb unregulated digital lending services. The growth of illegal and unauthorised mobile loan applications continued to create significant consumer protection risks. These unregulated digital lenders imposed excessively high and non transparent interest rates, engaged in abusive and coercive debt collection practices, and misused borrowers' personal data. Such practices disproportionately affect low income and vulnerable consumers, erode trust in digital financial services, and undermine the integrity and stability of the digital credit market. To mitigate these risks, the BoG has, over the years, issued public cautions to warn consumers about the risks posed by unregulated digital lenders. Notwithstanding the cautions, these illegalities persisted; as such, the BoG, in collaboration with the Cyber Security Authority and law enforcement agencies, has stepped up surveillance and enforcement actions, leading to the clamping down of unregulated digital lenders. The BoG is at the final stages of establishing modalities with Google around hosting regulated financial service apps on its platform.

The BoG has embarked on comprehensive regulatory reforms to boost digital lending. Access to small, short-term credit remains a persistent and legitimate need for households and microenterprises. To further bolster existing regulations, the BoG has issued the Directive for Digital Credit Services Providers, 2025, alongside comprehensive licensing requirements for all digital lenders to ensure the sector develops safely and responsibly. The Directive seeks to bring all digital credit service providers within the regulatory perimeter, enforce minimum capital, governance, and risk management standards, and strengthen consumer protection through clear disclosure rules and restrictions on abusive recovery practices. These measures will promote responsible digital lending, protect consumers, and support the sustainable growth of Ghana's digital credit ecosystem. The Directive provides an opportunity for unauthorised digital lenders to regularise their operations. Since the commencement of the application window in November 2025, several prospective Digital Credit Services Providers have submitted applications and are currently undergoing the Bank's regulatory review and assessment process.

The BoG has issued corporate governance guidelines, providing a dedicated governance framework for Payment Service Providers and Dedicated Electronic Money Issuers. Through onsite supervisory activities, the BoG identifies and addresses governance weaknesses, partly due to the absence of a dedicated corporate governance framework for Payment Service Providers (PSPs) and Dedicated Electronic Money Issuers (DEMIs). These weaknesses reflected inadequate board oversight, weak internal control frameworks, conflicts of interest, engagement in non-permissible activities, and limited management accountability. Given the central role of PSPs and DEMIs in the provision of payment and digital financial services, such governance deficiencies increased the risks of service disruptions, misconduct, and erosion of public trust, with potential adverse implications for confidence and stability within the digital financial ecosystem. To address these gaps, the BoG issued the Corporate Governance Guidelines for Payment Service Providers, 2025, which, among

[30] Collaborators included the SEC, FIC, Economic and Organised Crime Office, Cyber Security Authority, MoF, Ministry of Justice and Attorney General's Department, Chamber of Digital Assets and Blockchain Innovation, and the Finance Committee of Parliament, among others.

other things, establishes minimum standards for board composition, independence, risk oversight, internal controls, and ethical conduct. The guidelines would strengthen accountability, improve governance discipline, and promote the safe and sound operation of regulated payment institutions.

8.6 Risk-based Differential Premium Framework for Deposit Insurance[31]

Introduction

The introduction of a Risk-Based/Differential Premium framework could enhance the operations of Ghana's deposit insurance scheme. The Risk-Based/Differential Premium (RBP) is the differential pricing of deposit insurance premiums based on the probability and potential cost of failure of insured institutions. Unlike flat-rate systems, RBP internalises risk by requiring higher-risk institutions to pay proportionately higher premiums, thereby encouraging sound risk management and prudent behaviour. The RBP is recognised as international best practice, endorsed by bodies such as the International Association of Deposit Insurers (IADI) and reflected in its Core Principles for Effective Deposit Insurance Systems. The RBP has been successfully implemented across countries, including the United States, Canada, the European Union, and Nigeria, presenting valuable lessons to stakeholders in Ghana. Some of the key lessons include the importance of supervisory integration, dynamic adjustment, and strong enforcement. Key challenges include data consistency and evolving supervisory capacity, highlighting the need for phased implementation.

Key Considerations in Designing the RBP

The RBP policy should be well aligned with the broad objectives of deposit protection. The RBP framework must be anchored on clearly defined policy objectives, including protection of small depositors, promotion of financial stability, reduction of moral hazard, and ensuring the long-term adequacy of the deposit insurance fund. To these ends, premium design should align with the broader financial-sector safety net, including bank resolution frameworks, prudential supervision, and macro-prudential oversight.

A sound legal basis is required for the effective implementation of the RBP framework. A strong legal backing is required for effective implementation and stakeholder acceptance of the RBP framework, as evidenced in the United States and Canada. In this regard, key legal reforms required for the implementation of the RBP in Ghana will include:

a. Statutory authority to impose differential premiums;
b. Clear definition of assessable institutions and covered liabilities;
c. Powers to obtain supervisory and financial data;
d. Enforcement mechanisms for non-compliance; and
e. Provisions for periodic review and adjustment of premium parameters.

Accurate identification and measurement of institutional risk is the cornerstone of the RBP framework. Key risk dimensions typically used to assess risk include capital adequacy, asset quality, management and governance quality, earnings sustainability, liquidity and funding structure, operational resilience, and sensitivity to market. As such, the implementation shall utilise existing supervisory tools such as the CAMELS framework[32], stress testing results, and compliance history.

To promote transparency for broad-based compliance, emphasis shall be placed on a framework that is accurate, consistent, and less complex. RBP models require transparent methodologies for scoring and weighting risk indicators. Overly complex models may undermine transparency, while overly simple models may weaken risk sensitivity. A balanced approach is therefore critical, and as such, the model design shall consider the following:

a. Selection of quantitative versus qualitative indicators;
b. Relative weighting of risk factors;
c. Use of composite risk scores; and
d. Classification of institutions into premium bands.

Reliable data is fundamental to credible RBP assessments. Country experiences indicate that weaknesses in data quality and availability remain a primary constraint in developing and emerging economies. Key considerations to enhance reliable data shall include the introduction of standardised reporting templates, validation and verification mechanisms (including onsite examinations), integration of supervisory data, and institutionalisation of clear data governance and accountability structures.

The implementation would be supported by strong institutional capacity and governance. Effective RBP framework implementation requires strong institutional capacity within the deposit insurer and supervisory authorities. Institutional credibility directly affects compliance and stakeholder confidence in the risk assessment processes. Key elements of concern include:

a. Skilled actuarial, risk, and data analytics personnel;
b. Robust ICT systems;

[31] *This special feature was contributed by the GDPC.*

c. Clear governance and decision-making structures; and
d. Independence from political or industry influence.

The framework would be designed to promote transparency and predictability amid strong stakeholder engagement. The intention is to avoid destabilising premium shocks. Ensuring transparency is essential for legitimacy and behavioural impact. Institutions should clearly understand the risk indicators used, how scores translate into premium rates, and the implications of improved or deteriorating risk profiles.

The implications of the RBP on financial institutions and market stability would have to be carefully considered. To achieve this objective, countries incorporate premium caps or smoothing mechanisms to mitigate volatility. As such, premium levels would be calibrated to avoid undue financial strain on institutions, promote pro-cyclical effects during periods of stress, and limit competitive distortions within the banking sector.

The RBP would be designed to support fund adequacy and long-term sustainability. The RBP system should consolidate the accumulation of an adequately funded deposit insurance reserve. The United States Federal Insurance Deposit Corporation (U.S. FDIC) model, for instance, demonstrates how RBP could be used strategically to restore fund adequacy following systemic stress. Designing the RBP would leverage target fund ratios, counter-cyclical premium adjustments, and alignment with resolution funding needs.

Key Benefits of Risk-Based/Differential Premium Framework

The implementation of the RBP would help strengthen market discipline. RBP encourages market discipline by directly linking the cost of deposit insurance to an institution's risk profile, rather than applying a uniform levy across all members. Institutions with weaker capital positions, poorer asset quality, or weaker governance structures pay higher premiums, creating a clear financial incentive to improve risk management practices. This pricing signal reinforces supervisory expectations and complements prudential regulation by ensuring that risk-taking decisions have explicit and measurable cost implications, thereby encouraging safer behaviour across the banking system.

The RBP framework guarantees the long-term sustainability of the deposit insurance fund by better aligning premium income with the probability and potential cost of failure. Higher-risk institutions contribute more resources to the fund, improving their capacity to absorb losses during periods of stress or institutional failure. Over time, this risk-aligned accumulation of reserves strengthens the fund's adequacy, reduces the likelihood of extraordinary levies or public backstops, and supports the credibility of the deposit insurance scheme.

By incentivising sound risk management and strengthening the deposit insurance fund, risk-based premiums contribute to overall financial system resilience. Institutions are encouraged to maintain stronger balance sheets and governance structures, reducing the likelihood and severity of failures. At the same time, a well-funded and credible deposit insurance system enhances public confidence, limits contagion during stress events, and supports orderly resolution processes, thereby reinforcing the stability and resilience of the broader financial system.

Conclusion and Policy Considerations

The GDPC is considering the introduction of an RBP, which it believes will help strengthen the effectiveness and sustainability of Ghana's deposit insurance scheme. Given the varying institutional risk profiles in Ghana's banking industry, a risk-based framework would align premium contributions with institutional risk profiles, encouraging stronger risk management practices among institutions while preserving the sustainability of the deposit insurance fund. Following recent financial sector reforms and clean-up exercises to safeguard financial stability, the adoption of an RBP framework could further reinforce market discipline and strengthen depositor confidence. However, successful adoption and implementation will require careful calibration to reflect local institutional and supervisory capacity and data availability. In this regard, the GDPC intends to extensively engage stakeholders and strengthen institutional capacity in its consideration to move to the RBP framework.

[32]CAMELS refers to capital adequacy, asset management, management capability, earnings, liquidity, and sensitivity to market risk

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