Payment Systems and Fintechs Development in Ghana

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JULY 09 - 10, 2018

Outline

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Why develop the payment systems

- To improve on the efficiency and safety of payments
- To have a payment system environment that support digitisation of society
- To enhance the effectiveness of monetary policy transmission.
- To support government fiscal operations (enhance transparency, disclosure and accountability)
- To promote financial inclusion.

The role of legal and regulatory framework

- Provide regulatory anchor for the payment system space.
- Address potential market failure and reduce the risk of negative externality.
- Provide regulatory certainty to stakeholders and encourage compliance to laws, rules and regulations.
- Protect payments ecosystem from dysfunctional behaviour of participants

The role of legal and regulatory framework

Legal framework underpinning the payment system include:

- Bank of Ghana Act, 2002 Act 612
- The Payment Systems Act, 2003, Act 662
- Electronic Money Issuers Guidelines (EMI)
- Agency Guidelines
- Payment Systems and Services Bill 2017
- Electronic Transactions Act 2008 Act 772

Major Developments

- Establishment of Payment Systems Advisory Committee (PSAC)
- Development of Web Based Data Collection Portal
- Migration to EMV Technology
- National Identification System
- Domestic settlement of Visa Transactions
- Mobile Money Interoperability
- Payment of Interest on Mobile Money Float
- Financial Technology Companies (Fintechs)

Financial Technology Firms (Fintechs)

- Provided services to the banks and specialised deposit taking institutions before the passage of the Branchless Banking Guidelines (2008) and Electronic Money Issuers (2015).
- Existing legislations did not address the operations of Fintechs in the financial and payment system.
- Initially provided back-end applications to financial institutions to enhance efficiency.
- Fintechs have extended their services to Front-end services to banks.

What is driving Fintechs?

- Mobile money services and provision of other payment solutions to banks
- High mobile phone penetration rate
- Talented IT workers exploring their potential
- Technological innovation and advances in data analytics
- Financial inclusion and cash-lite agenda

What is driving Fintechs?

• National Financial Inclusion and Development Strategy (NFIDS) supports Government's vision of "the availability of a broad range of affordable and quality financial services that meet the needs of all Ghanaians and are provided by sound, responsible and innovative financial institutions."





What is driving Fintechs?

 NFIDS supports Financial Technology Firms (Fintechs) to drive financial inclusion in Ghana.





Innovative Financial Services and Products

Approved by Bank of Ghana



Digital savings product





Convenient payment and business solution



E-lending and mobile banking service

Roles of Fintechs in Ghana

There are currently 71 Fintechs who have contractual relationships with banks. Services offered include

- Payments aggregation
- P2P funds transfer
- Electronic statements, transaction alerts and SMS notification
- Card printing, personalisation, issuance, hosting and processing
- Data analytics, storage and archiving
- Credits

Regulatory Implications

Compliance with data privacy and security

AML/CFT standards

Cyber security

Consumer protection issues

Regulatory Proposals

Bringing Fintechs under regulatory purview

Cooperative supervisory arrangements

Continuous training and leveraging on expertise of other entities

Ensure robust consumer protection and data protection regimes

Conclusion

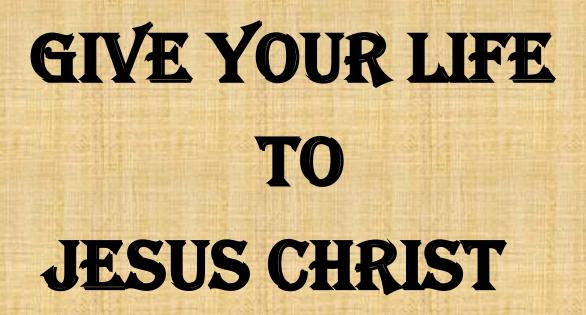
From the prudential perspective

 As fintech steps up its presence, it might be useful to place increasing emphasis on regulating them rather than doing nothing.

From a consumer and investor protection perspective

- It is key that financial investors and consumers fully understand the implications of the fintech services, including credit risk, cybersecurity and protection of privacy risks.
- The need to strengthen policies of information and financial education regarding fintech services.

FINALLY



THANK YOU