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Objectives

The Ghana Country Diagnostic has been prepared in accordance with the PRIME Africa goals. The main goals are:

1. To reduce remittance transfer costs to Ghana in support of the Sustainable Development Goal (SDG 10.c) and the Global Compact for Migration
2. Reduce the use of informal channels to Ghana
3. Enhance financial inclusion through remittance-linked financial services.

The Diagnostic is a ‘working document’ that will be updated and amended as additional information is collected and assessed. Currently the Report provides an assessment of the remittance market in Ghana. Forthcoming are insights into two specific send markets (corridors) to Ghana including demand-side research.

Based on the findings from this Diagnostic, recommendations will be made and put into a ‘Roadmap’ that will propose a prioritised approach to what should be done to achieve PRIME Africa goals. Coordination and cohesion with public policy and other international development agencies will be key to success. It is envisaged that funding will be made available for the public and private sectors for Roadmap implementation.

Methodology

The focus of the Ghana Diagnostic so far is on the remittance market in Ghana from the supply-side of the market. This has comprised of:

1. Desk-based research
2. Interviews with stakeholders, including Bank of Ghana and regulators, payments companies, remittance corridor specialists, international money transfer operators (IMTOs), digital IMTOs, banks, microfinance institutes (MFIs), mobile money providers (MMPs), development agencies (for example, the IOM) and specialist consultants.
3. Mystery shopping exercises for pricing, products and services.

Research was carried out between January and June 2020.

There have also been two-virtual National Task Force Meetings (April 2020 and May 2020) with market stakeholders in response to the COVID 19 pandemic to assess the impact on the Ghanaian remittance market.
Summary – Ghana represents a well-developed remittances market with scope for further enhancement

Migration and Remittances

- Ghana’s 1 million migrants mainly reside in Nigeria and bordering countries. Outside the continent, they reside in Germany, Italy, the Netherlands, the UK and the US.
- International remittances account for over 5% of the Ghanaian economy with an estimated 600,000 families relying on them.

Financial Market

- The existing financial inclusion and digital financial service strategies provide a clear framework to foster inclusive, reliable and digitized financial services including remittances.
- The domestic payment system is well-developed but there is scope for access to be made to all domestic payment systems in order to pay out international remittances.
- Domestic remittances are an important driver to use transactional accounts, mobile money and the digital ecosystem.
- Driven by the uptake of mobile accounts, financial inclusion is high in Ghana compared to peer-countries but there is still room to build use cases around digital international remittances, especially in rural areas and for women.
Summary – Ghana represents a well-developed remittances market with scope for further enhancement

**Market Structure**

- The Ghanaian remittance market has lower costs than many African markets but still has a long way to go to reach SDG 10.c.
- International money transfer operators can partner with banks and/or NBFIs
- The Ghanaian remittance market is predominantly cash-based but with digital services rapidly increasing. It is served by many international MTOs and a limited number of corridor specialists.
- Digital channels tend to be slightly less expensive than agent/in-cash channels but this varies across sending countries for both supply-side and demand-side reasons.
- A wide array of RSPs pay-out remittances through their own networks and the interoperable payment system even though the mobile money infrastructure is not yet fully leveraged.
- RSPs access points reflect the concentration of financial services providers in the most populated areas. Some regions could be better served by improved mobile money agent networks.
- It is not possible for NBFIs to send money out of Ghana. This reduces the flow of formal outbound transactions and lowers the volume of inbound intra-Africa transactions.
Summary – Ghana represents a well-developed remittances market with scope for further enhancement

Financial Services for Remittance Receivers

- Some Ghanaian banks offer transactional accounts, banking services and on-boarding processes catering to the diaspora, but the offering remains limited.
- Some Fintechs have started to explore the provision of financial services linked with remittances through digital platforms and partnerships with FSPs.
- Client-centric research is necessary to accompany the switch towards digitalisation and identify market opportunities to develop inclusive services bundled with remittances.

Regulatory Environment

- Ghana’s regulatory environment for remittances is clear and well defined.
- The new Payment Service Provider licensing regime is a significant change in Ghana’s remittance regulatory environment.
- The Foreign Exchange Act 723 prohibits outbound remittances transactions from Ghana unless the transaction is made through a bank.
- Ghana can leverage further financial inclusion and its digital payment infrastructure stack by strengthening ID digitalisation, implementing virtual addressing and broadening proportionate KYC requirements to banks.

Stakeholders and Coordination

- The governance and oversight of remittance activities rely on the Ministry of Finance, Bank of Ghana, and the Financial Intelligence Centre.
- Several donor initiatives focused on developing new products and gathering data have already identified opportunities to scaling-up or mainstreaming.
- Some of the other key stakeholders in this space include IFAD, IOM, KPMG, SECO and UNCDF.
Recommendations

A. To review existing remittance data collection frameworks and processes with a view to making changes, (if necessary), so that data can be provided at a more disaggregated level, facilitate more in-depth analysis and better market intelligence (flow, corridors, channels and operators). A review should also include the impact of COVID-19 on the market-place

B. Permit inbound international remittances to be terminated onto all domestic payment systems

C. Encourage innovation in the remittances and payments market

D. Develop a financial education and awareness programme to raise awareness of digital international remittances services and products in both the send and receive markets

E. Address restrictions around outbound transactions, especially intra-African remittance flows

F. Increase network access in rural communities

G. Investigate the development of guidance on aligning current KYC, CDD, identity frameworks to key innovations to enhance remittance flows and access for remittance providers, banks and fintech services in Ghana

H. Leverage the NRTF to create a Working Group for the coordination, implementation and review of improving Ghana’s remittance landscape.
Abbreviations

AfDB  African Development Bank
AML/CFT  Anti Money-Laundering/Counter the Financing of Terrorism
BoG  Bank of Ghana
BTCA  Better Than Cash Alliance
DMAG  DMA Global
ECOWAS  Economic Community of West African States
Fintech  Financial Technology
FSPs  Financial Service Providers
GIZ  Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
(English: German Corporation for International Cooperation GmbH)
KYC  Know Your Customer
MTO  Money Transfer Operator
NBFI  Non-Bank Financial Institution
NFID  National Financial Inclusion Development Strategy
NRTF  National Remittance Task Force
SDG  Sustainable Development Goal
SDI  Special Deposit-taking Institutions
Migration and Remittances
Ghana’s 1 million migrants mainly reside in Nigeria and bordering countries. Outside the continent, they reside in Germany, Italy, the UK and the US

- The Ghanaian diaspora is estimated to be large for a medium sized country (population of 29.7 million) at between 300,000 and 1.5 million*. UNDESA 2019 figures state that Ghana’s total stock of emigrants was 970,625 in 2019.

- The main destination countries are Nigeria (24%), the US (18%), the UK (15%) and Côte d’Ivoire (11%).

- The majority of Ghanaian migrants (49%) are hosted in countries within Sub-Saharan Africa. 20% of migrants reside in bordering countries – Côte d’Ivoire (111,024), Togo (47,093) and Burkina Faso (33,225).

- 15% of Ghanaians overseas reside within the EU. Relatively large communities are hosted in Italy (51,364) and Germany (27,872). There are growing populations in the Netherlands (15,041) and Spain (12,218).

- The pace of migration has declined by 12% since 2015 due to relatively better living conditions in Ghana and tougher migration conditions in host countries, combined with the economic downturn after 2007.

- Ghana’s political and economic stability makes it an attractive host country for the 466,780 migrants currently living there. 84% of migrants are from within Sub-Saharan Africa. Neighbouring countries Togo, Burkina Faso and Côte d’Ivoire account for 52% of migrants.

International remittances account for over 5% of the Ghanaian economy with an estimated 600,000 families relying on them.

- **Ghana is the 2nd highest receiver of remittances in Sub-Saharan Africa** (after Nigeria). An estimated US$ 3.5 billion was sent to Ghana in 2019, 5.2% of the GDP (World Bank).

- The true value of remittances sent home is likely to be significantly higher, due to money sent through ‘informal channels’ (which is not recorded). This is particularly the case for bordering countries and Nigeria.

- Remittance data is collected by the Bank of Ghana but is not published. It is not known what exact data is collected.

- Following a period of rapid growth and decline, remittance inflows to Ghana have remained flat since 2017. Ghana’s remittance inflow peak of just under US$5 billion was attributed to increased use of formal channels, improved data capture and an increase in financial transfer volumes. 2016’s decline in inflows was seen across the Sub-Saharan African region, due to slow economic growth in remittance sending countries and a decline in commodity prices, especially oil, impacting countries receiving remittances from regional commodity exporters.

- Ghana is a net receiver of remittances. As a result of outbound remittance restrictions, it is expected that a significant amount of money flows informally from Ghana to neighboring countries in the Economic Community of West African States (ECOWAS) region.

- Ghana’s remittance inflows are in line with emigration trends. The main send markets for remittances into Ghana are the US (28%), Nigeria (19%) and the UK (14%).

- Remittance flows from EU countries account for 21% of total inflows to Ghana. Italy, Germany, and the Netherlands are the main EU corridors.

- **30% of remittance inflows are intra-African**. After Nigeria, Togo (5%) and Burkina Faso (3%) to Ghana are the largest intra-African remittance corridors.

  *The World Bank Bilateral Remittance Matrix does not contain data for remittance flows from Côte d’Ivoire to Ghana, high remittance flows would be expected considering the large diaspora community residing there.*
Migration and Remittances

Priority Policy Actions

1.1. Enhance data collection by the Bank of Ghana, including through regular and ad hoc surveys on informal flows, to assess the real magnitude of flows and size of business opportunities for the main corridors. Ensure data includes detail on corridors and methods used and that it is collected from all licenced businesses. Disseminate data that is collected to all stakeholders.
Financial Environment
The existing financial inclusion and digital financial service strategies provide a clear framework to foster inclusive, reliable and digitized financial services including remittances.

Under the leadership of the Ministry of Finance and in partnership with donors (GIZ, Swiss Cooperation) and international organisations (CGAP, BTCA, AfDB), the Government of Ghana has recently introduced national strategies to speed up Financial Inclusion and Digital Payments adoption.

- **The National Financial Inclusion and Development Strategy (NFID) 2018-2023** aims to increase financial inclusion from 58% to 85% by 2023.
  - Money transfers are integral to the financial services that meet the needs of all Ghanaians. The NFID underscores the fact that Remittances have played a critical role in promoting access to financial services: their use rose from 5 to 24 percent of the population between 2010 and 2015. Further use of remittances should be promoted by increasing competition among providers of remittance services and by lowering costs by authorizing regulated and sound specialised deposit-taking institutions (SDIs) and money transfer operators to provide remittance services.
  - The strategy intends to strengthen AML-CFT supervision and enforcement, while promoting risk-based KYC requirements thanks to a better knowledge of customers' risk profile and enhanced ID systems.
  - The NFID emphasizes the role of financial technology (Fintech) to drive financial inclusion in Ghana, not only by enabling the introduction of new products and services, but also by allowing efficient delivery of traditional financial products such as savings and remittances.

- **The Digital Financial Services Policy 2020-2023** builds on and complements the NFID. It aims to develop the existing digital systems to create a resilient, inclusive and innovative digital ecosystem through 43 action points. The 5th pillar of the Policy intends to foster Digital payment use cases including remittances and recommends to (Action 5.6) authorize receipt and payment of international remittances directly by e-money issuers.

- **The Cash-Lite Roadmap**, designed with Better Than Cash Alliance, proposes concrete steps to build an inclusive digital payments ecosystem including access, regulation and consumer protection.
The domestic payment system is well-developed but there is scope for access to be made to all domestic payment systems in order to pay out international remittances.

- Ghana has developed its domestic payments infrastructure in a short time period and it is maturing quickly.
  - The domestic payments infrastructure is digitising rapidly, which is helping to reduce remittance costs and provide more efficient services.
  - All licenced financial institutions are able to access the payments ecosystem, either directly or via a partner bank.

- There is effective interoperability in Ghana between all financial service providers, including banks, mobile money providers and others.
  - Since 2018, Mobile Money Operators (MMOs) and rural banks have had access to the GH-Link, a payment switch for ATM and POS interoperability, which also facilitates GhiPSS Instant Pay (GIP), an interoperable platform for instant payments across bank accounts and mobile wallets.

- Inbound international remittances can be terminated via several methods including cash, digital wallet (mobile money or eWallet), account (bank or savings and loans) and post office pick-up (includes cash and other areas such as cards, mobile and e-wallet).

- Domestic aggregators are making it possible for new IMTOs to easily enter the market by removing the time-consuming task of establishing new partnerships in order to develop a pay-out network.

- However, it is still not possible to terminate inbound international remittances in every domestic payment system.
  - For example, the e-zwich payment system can not receive international remittances directly. It has over 2.8 million account holders, is universal and has been used by the government to disperse funds during the pandemic.

Migration and Remittances

Financial Environment

Regulatory Environment

Market Structure

Financial Services for Remittance Users

Stakeholders and Coordination

Recommendations
The domestic payment system is well-developed but there is scope for access to be made to all domestic payment systems in order to pay international remittances.

The Real Time Gross Settlement (RTGS) system among banks in Ghana.

The Ghana Interbank Payment and Settlement Systems Limited (GhIPSS) is a wholly owned subsidiary of the Bank of Ghana. GhIPSS is responsible for interconnecting all banks in Ghana and organises interoperability among payment systems.

The national switch, interconnecting financial institutions and third parties. Allows domestic card holders to use any ATM or POS of member institutions.

Mobile money interoperability is also facilitated as an extension of the gh-link systems, not just allowing for cross–mobile money operator transactions but also to move money between mobile money and bank accounts.

National biometric smartcard payment system. Introduced by the government to support the digitisation of government payments and is predominately used to disburse government salaries and national service payments.

The Ghana Interbank Settlement (GIS)
Domestic remittances are an important driver to use transactional accounts, mobile money and the digital ecosystem

- The uptake of mobile money has fostered the use of formal channels to send and receive money domestically
  - 58% of the adult population send or receive domestic remittances, an increase from 46% in 2014
  - Mobile enabled and account-based domestic transfer are replacing in-cash transfers through MTOs and informal channels.

- With a payment system that is inclusive of most financial institutions, either through direct or sponsored access, growth in digital transactions has been steady and consistent, driven by mobile money.
  - In 2018, 98% of the total value of digital retail payments were made through gh-link in mobile money
  - Over the last 5 years the sheer volume of mobile money transactions has seen this instrument become the leading non-cash payment instrument used throughout the country both in terms of volume of transactions and total value
  - With US$38 billion in 2018, the total mobile money value of transactions represented close to 60% GDP.

Source: Findex 2017, World Bank

Source: Bank of Ghana, 2018

Mobile money transactions are so large that they dwarf all other instruments
Driven by the uptake of mobile accounts, financial inclusion is high in Ghana compared to peer-countries but there is still room to build use cases around digital international remittances, especially in rural areas and for women.

- Account ownership has increased by 17% since 2014 to stand at 58% in 2017, making Ghana the most advanced country in the sub-region in terms of financial inclusion.
- Financial inclusion growth is largely attributable to mobile accounts, which now represent about 40% of all accounts held.
- However, only 53% of women, and 53% of adults in rural areas have accounts so greater penetration is needed.
- Ghanaians generally have sufficient ID to be able to obtain a mobile account, with only 5% of the population without acceptable ID.
- Knowledge and use of digital remittances in key send markets requires further education, trust building and awareness activities.
- While there is a strong Fintech sector in Ghana that can help deliver innovative remittance-linked products, the market for remittance-linked products and/or financial services tailored specifically to meet the needs of the diaspora is still in its nascent stages, with opportunities for innovation.
- There is a compelling need for financial products such as savings, insurance and so on to be offered as options on remittance transactions. Remittances are a proven gateway to financial inclusion. Senders can play a vital role in educating receivers into the benefits of financial products and the flow of remittance funds acts as a catalyst.
- Client centric research and data are needed to customise existing services to remittance recipients, especially for international remittances which have a higher average amount than domestic remittances and with a special focus on women and rural dwellers.
Financial Environment

Priority Policy Actions

2.1. Foster access for all IMTOs to the domestic payment systems through Fintechs and the use of e-zwitch biometric cards
2.2. Support the development of digital financial services linked with international and domestic remittances
2.3. Deepen the knowledge on the use of remittances by financially excluded groups through dedicated studies and also by integrating international remittance items within nationally representative surveys like Finscope and Findex surveys.
Regulatory Environment
Ghana’s regulatory environment for remittances is clear and well defined

Banks are recognized as the main providers of international remittance services in Ghana in the Foreign Exchange Act 2006, Act 723.

- Act 723 sets out Ghana’s foreign exchange regime that all inward or outward payments of foreign currency must be made by a bank or an authorized dealer.
- In order to operate in the market, all remittance providers must partner with a bank and use the daily interbank exchange rates published by the Bank of Ghana.
- The Act prohibits non-bank entities from providing outbound remittance transactions from Ghana.

Anti-Money Laundering and Combating the Financing of Terrorism requirements to operate in Ghana’s financial system are outlined in the Anti-Money Laundering Act 2008, Act 749.

- Following an internal risk-assessment, all institutions in Ghana’s remittance market are required to put an AML/CFT programme in place.
- Specific to MTOs, transaction origination data must be collected and if agents are engaged, the effectiveness of their AML/CFT controls are expected to be assessed.

The only financial consumer regulation in Ghana that extends to include the users of inbound remittance services is the Consumer Recourse Mechanisms for Financial Services Providers.

- It requires that all financial institutions operating in Ghana have effective redress mechanisms in place for users of their products and services.
- Rules regarding the disclosure of fees and charges of products and services chosen by a customer are currently only extended to credit products.

A new legal framework to govern the developing payment sector, including international remittances, was introduced with the passing of the Payment Systems and Services Act 2019, Act 987.

- Act 987 supersedes the Payment Systems Act, 2003, Act 66 and consolidates the Guidelines for E-Money Issuers (mobile money operators) and Agent.
- The new Act has expanded the scope and provided the mandate to create a regulatory and supervisory environment for the rapidly growing Fintech sector so that it can safely participate in the market.
- The Act sets out a new payment service provider licensing regime for financial institutions, non-bank financial institutions and mobile money operators.
The new Payment Service Provider licensing regime is a significant change in Ghana’s remittance regulatory environment

- To operationalise the Payment Systems and Services Act, five categories of Payment System Providers (PSP) licence have been created, with a minimum capital, governance and system requirements attached to each category. A defined licence application process has been communicated.

- Payment service providers operating in the inbound remittance market fall under the PSP Enhanced Licence category.

- Permitted activities under an Enhanced Licence include aggregation of merchant services, processing services, provision of hardware and software, printing and personalisation of Europay, Mastercard and Visa Cards, merchant acquiring, POS deployment, payment aggregation and inward international remittances services.

- PSP Enhanced Licences are valid for 5 years on approval and fees are incurred for the processing (GH¢12,000), issuance (GH¢ 40,000) and renewal (GH¢ 7,000) of a licence.

- Minimum Capital Requirement required from PSP Enhanced licence holders is GH¢2 million (US$350k approx.), which can only be fulfilled with a cash deposit.

- Minimum Governance Requirements include being a Registered Ghana Business and to have a dedicated office space (which represent major changes compared to the prevailing way of doing business for MTOs in Ghana).

- With the licence application, PSPs have to submit a Company Profile, Business Plan and Consumer Protection Policy.

- The Bank of Ghana held a workshop in May 2020 to further develop a shared understanding of the new licensing regime and process. Current operators in the market have a 31st December 2020 deadline to submit their application for a licence. A decision on an application will be made within 90 days of application submission.

### PSP Enhanced Licence Minimum Governance Requirements

<table>
<thead>
<tr>
<th>Registered Ghana Business</th>
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<tbody>
<tr>
<td>External Audit - Tier 2 to Tier 1 Audit firm</td>
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<tr>
<td>Dedicated Physical Office Space</td>
</tr>
<tr>
<td>Risk Management Framework</td>
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<tr>
<td>Verified Board of Directors</td>
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<tr>
<td>Compliance Framework</td>
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<tr>
<td>Clear Balanced and Adequate Organisational Structure</td>
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<tr>
<td>Data Protection Policy</td>
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<tr>
<td>Procedures Manual</td>
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<tr>
<td>Data Protection Certificate</td>
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</table>

### PSP Enhanced Licence Minimum System Requirements

| ISO 27001 | Authentication |
| PCI/DSS | Back-up Policy |
| EV SSL | Evidence of Back-up setup |
The Foreign Exchange Act 723 prohibits outbound remittances transactions from Ghana unless the transaction is made through a bank.

- All banks are authorised dealers in Ghana and can facilitate outbound remittance transactions, if the purpose of the transaction is clearly stated and the beneficiary is an official institution.

- Three banks are currently authorised to offer low value outbound P2P remittance transactions from Ghana to other African markets:
  - Access Bank
  - Ecobank
  - UBA

- Pan-African and Global Mobile Money Operators are not sending transactions to Ghana until they are able to send them out of the country as well. This is reducing inbound flows through recorded channels and encouraging the use of informal travels.
Ghana can leverage further financial inclusion and its digital payment infrastructure stack by strengthening ID digitalisation, virtual addressing, and implementing further proportionate KYC requirements

- Ghana has made impressive progress on digitalising the identification process to simplify customer diligences to the benefit of the less documented and less literate population and financial service providers.

- The Ghana Card is to become Ghana’s primary national ID, serving as a proof of identity, citizenship and residence identifier. Launched in 2018, registration has recently been extended to the entire population following an initial limited release to Government workers only. As the card is biometric and endorsed by the state, it will play a vital role in providing secure and convenient verification of customers during Know Your Customer (KYC) procedures at financial institutions.

- GhanaPostGPS, the national digital property addressing system, was created by Vokacom to provide every property in Ghana with a unique digital address and was implemented in 2017. The system covers the whole country by dividing it in to a 5x5m grid, allocating all locations a unique digital address and is accessible via a smartphone application. Addresses are 9 characters long, consisting of a postal code combined with a 4-digit unique location code e.g. GS-0757-3391.

- The Digital Financial Services Policy underscores the need to support the creation of a virtual payment addressing system, a payment bridge and a governance structure to ensure coherence and efficiency among the digital payment infrastructure stack, in order to develop e-KYC and instil fully interoperable instant payments among existing payment systems.

- A risk-based approach to KYC categorised by three levels applies to e-money issuers. Transposing such a proportionate approach to banks and other FSPs would accelerate the use of transactional / low-risk accounts and related basic financial services.
  a. Minimum KYC accounts, intended as a first step towards financial inclusion for the unbanked, are subject to very low transaction limits and correspondingly low documentation requirements
    - Every Minimum KYC account issued shall be subject to a maximum balance limit of GH¢1,000, an aggregate daily transaction limit of GH¢300 and an aggregate monthly transaction limit of GH¢3,000.
  b. Medium KYC accounts have intermediate transaction limits and documentation requirements
    - Every Medium KYC account issued shall be subject to a maximum balance limit of GH¢10,000, an aggregate daily transaction limit of GH¢2,000 and an aggregate monthly transaction limit of GH¢20,000
  c. Enhanced KYC accounts give access to high limits but come with bank grade account opening requirements.
    - Every Enhanced KYC account issued shall be subject to a maximum balance limit of GH¢20,000, an aggregate daily transaction limit of GH¢5,000 and an aggregate monthly transaction limit of GH¢50,000.
Regulatory Environment

Priority Policy Actions

5.1. The licensing regime could be anti-competitive, as it will significantly increase costs for applicants both at an initial stage and on an ongoing basis. This may encourage some current operators to withdraw from the market.

5.2. Assess the risks and benefits to open the outbound market to NBFIs offering low-end-of-the-market customers formal products in order to compete with informal players.

5.3. Strengthen ID digitalisation, virtual addressing, and implement further proportionate KYC requirements to foster the access and usage of transactional accounts.
Market Structure
The Ghanaian remittance market has lower costs than many African markets but is still a long way from SDG 10.c.

The current average cost to send US$200 to Ghana is 7.85% of the send amount. It is less than the Africa average of 9.1% but still far above the 3% SDG 10.c target.

Although digital services are growing rapidly, the market is predominantly cash-based. It only has a few corridor specialists but many international MTOs and some unregistered (informal) providers.

Remittance prices to Ghana have been decreasing since 2013 from 11% to 7.8% driven by enhanced competition.

However, sending costs have increased almost 1% between 2018 and 2019 due to the foreign exchange margin charged by remittance service providers for remittances to Ghana.

Within Ghana all operators sending to the country should use the Bank of Ghana published exchange rate to offer the service to their clients. Not all international providers offer the rate to their clients which results in higher FX margins for many transactions.

Average Total Cost to Send US$200 to African Countries

Average Total Cost to Send US$200 to Ghana since 2011

Source: RPW Q1 2020, World Bank
International money transfer operators can partner with banks and/or NBFIs

A range of institutions are allowed to deliver inbound international remittances in Ghana

IMTOs can partner with:

- Banks
- NBFIs, but only in partnership (sub-representative) with banks
- Ghana post as a sub-representatives of banks

Regulatory Environment Key Features

- There is no specific regulation for the inward remittances market
- The regulatory environment that is relevant for inward remittances in Ghana has traditionally been bank-led
- Recently, the ‘Payment Systems and Services Act 2017’ has outlined a new regulatory framework for governing the payment sector, including international remittances
- A significant change following the passing of the Act is the requirement for NBFIs, including Fintechs and International Money Transfer Operators, to be licensed in their own right
- NBFIs, such as e-money issuers, can provide inbound international remittances only if they partner with a bank for licencing purposes
- Inbound remittances terminating to e-wallet are limited to a maximum of GH¢5000. Limits may vary between remittance service providers.
The Remittances Value Chain in Ghana: Focus on the Sending End (to Ghana)

Sending
- **1st Mile**
  - Sending Channel
  - Funding Methods
    - In-person, branch
    - Internet
    - Mobile app
    - ATM
    - Cash
    - Payment Card
    - Bank Account
  - Sending Provider
    - Traditional IMTOs
    - Digital IMTOs
    - Post Office
    - Corridor specialists (Fintech, Banks)
    - Internal system
    - SWIFT
    - Correspondent Banking
    - Mastercard
    - Visa
- **2nd Mile**
  - Network /Hub
  - Receiving Provider
    - Banks
    - Post Office
    - MMOs
    - Fintechs
- **3rd Mile**
  - Receiving Channel
  - Payment Method
    - In-person, branch
    - Internet
    - Mobile Phone
    - Cash
    - Bank Account
    - Mobile Money Account
    - eWallet

Migration and Remittances
Financial Environment
Regulatory Environment
Market Structure
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Recommendations
The Ghanaian remittance market is predominantly cash-based but with digital services rapidly increasing. It is served by a large number of international MTOs and a limited number of corridor specialists.

**Traditional MTOs**

- Four global MTOs which tend to focus on the traditional cash-to-cash services are present in most send markets: WU, MG, RIA, and Xpress Money (recently).
- They offer a mix of cash and account-based instruments to initiate the transfer through physical and online channels (except Xpress Money).
- WU costs are high at 10% except in UK, where competition is fiercer (aligned at 5%).
- Their cash and digital services have generally quite similar pricing except in certain countries, such as Germany where agency costs are high.

**MTOs**

- Specialist online money transfer providers, such as Xoom, WorldRemit and Sendwave have emerged during the past decade.
- These providers offer an online service where money is paid either by bank transfer or using a debit/credit card through a website, to be received in cash, into a bank account, or onto a mobile wallet.
- Sendwave, a more recent entrant into the market is currently offering a fee free service to Ghana from the USA and the UK.
- Their multi-channel, multi-instrument offering is not always the most competitive in the market.

**Corridor Specialists**

- There are a number of corridor specialists also operating in the main corridors to Ghana.
- From the UK, Unity Link and Express Funds are known to have significant market share and tend to draw costs down with aggressive pricing.
- In the case of Unity Link, they are now also operating as an aggregator for newer entrants, allowing others to terminate inward remittances through their well-established network of pay out agents. Boss Revolution from the USA are another corridor specialist with a digital offering gaining traction in the market.
Digital channels tend to be slightly less expensive than agent/in-cash channels but this spread varies across sending countries for both supply side and demand side reasons.

The spread averages 1% but can reach 5% in Germany.

Digital channels are becoming a standard in the US and UK, while they remain marginal in the Netherlands and Nigeria.

Source: Remittance Prices Worldwide, 2020
Source: DMAG Demand-Side Research, 2019
## Factors That Help Drive Costs Down

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<th>Country</th>
<th>Market Size</th>
<th>Corridor Specific Challenger</th>
<th>Fintech Presence</th>
<th>Digital Uptake among Users</th>
<th>Average Cost to Send US$200</th>
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</thead>
<tbody>
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<td>US</td>
<td>US$ 610 M</td>
<td>GREEN</td>
<td>GREEN</td>
<td>GREEN</td>
<td>5.63%</td>
</tr>
<tr>
<td>UK</td>
<td>US$ 300 M</td>
<td>GREEN</td>
<td>GREEN</td>
<td>GREEN</td>
<td>6.02%</td>
</tr>
<tr>
<td>Nigeria</td>
<td>US$ 412 M</td>
<td>GREEN</td>
<td>GREEN</td>
<td>GREEN</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>US$ 151 M</td>
<td>GREEN</td>
<td>RED</td>
<td>GREEN</td>
<td>7.07%</td>
</tr>
<tr>
<td>Germany</td>
<td>US$ 120 M</td>
<td>GREEN</td>
<td>GREEN</td>
<td>RED</td>
<td>9.22%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>US$ 75 M</td>
<td>GREEN</td>
<td>GREEN</td>
<td>RED</td>
<td>5.85%</td>
</tr>
</tbody>
</table>

Key: Measure is present, Measure partly present, Measure not present

Market Structure / Sending End

**Priority Policy Actions**

3.1. Promote digital channels and support the customer journey to switch in order to overcome cash stickiness
3.2. Support the extension of corridor-specific players or Fintech models that propose particularly aggressive pricing
3.3. Implement steps to ensure all IMTOs comply with the BoG Foreign Exchange Rate requirements or remove the requirement.
The Remittances Value Chain in Ghana: Focus on the Receiving End

Sending

1st Mile

- Sending Channel
  - In-person, branch
  - Internet
  - Mobile app
  - ATM

- Funding Methods
  - Cash
  - Payment Card
  - Bank Account

- Sending Provider
  - Traditional IMTOs
  - Digital IMTOs
  - Post Office
  - Corridor specialists (Fintech, Banks)

2nd Mile

- Network /Hub
  - Internal system
  - SWIFT
  - Correspondent Banking
  - Mastercard
  - Visa

- Receiving Provider
  - Banks
  - Post Office
  - MMOs
  - Fintechs

3rd Mile

- Receiving Channel
  - In-person, branch
  - Internet
  - Mobile Phone

- Payment Method
  - Cash
  - Bank Account
  - Mobile Money Account
  - eWallet

Migration and Remittances

Financial Environment

Regulatory Environment

Market Structure

Financial Services for Remittance Users

Stakeholders and Coordination

Recommendations
A wide array of RSPs pay-out remittances through their own networks and the interoperable payment system even though their mobile money infrastructure is not yet fully leveraged

A wide array of RSPs are involved in the payment of inbound remittances in Ghana, in partnership with IMTOs.

- Most banks and all of the mobile money operators (AirtelTigo Money, MTN Mobile Money, Vodafone Cash) are active in the inward remittance’s ecosystem in some form.
- Ghana Post is able to pay out remittances in cash through its 700 branches and is implementing its digitized CashPost with app, e-wallet and debit card and interoperably linked to the payments system. The project is supported by the Universal Postal Union.
- NBFI’s, such as Zeepay, have formed a number of international partnerships and are able to pay out funds using different methods such as crediting wallets, bank accounts, bill payments and so on.
- With exclusivity clauses within commercial contracts outlawed, receive agents are readily partnering with more than one IMTO for the termination of inward remittance transactions.

The retail payment system allows for the termination of remittances through a large network of access points and various methods, including digital accounts.

- All licenced financial institutions are able to access the retail payment system (including the interoperable switch for mobile money transactions), either directly or via sponsor banks.
- Through their partners, IMTOs can therefore terminate inbound remittances through a wide array of payment methods and also have access to a broad network of access points.

Some regulatory elements hamper the realisation of the full potential of remittances to scale-up the digital payment ecosystem and to reduce marginal costs.

- NBFIs involved in remittances pay-out are obliged to partner with banks to access the payment system which leads to additional costs.
- Payout remittances onto mobile wallets are capped at GH¢300 a day.
- During the COVID-19 pandemic, mobile wallet limits were temporarily increased from GH¢ 300 to GH¢ 1000 a day, subject to further review.
Ghana Post offers pay-out of inbound remittances through bank and MTO partnerships

Ghana Post is licenced for (1) agency banking and (2) as a sub-representative of an MTO for termination of inbound remittances but is not licenced as a remittance service provider by the Bank of Ghana. Ghana Post is regulated by the Postal and Courier Services Regulatory Commission (PCSRC).

**Bank Partners**
- Agricultural Development Bank (ADB)
- Fidelity Bank
- First Atlantic Bank

**Money Transfer Operator Partners**
- MoneyGram
- Ria
- Western Union

**Money Transfer Operator Partners through agent banking**
- Express Money
- Transfer Wise
- Unity Link
- World Remit – pending through First Atlantic Bank

Whilst not large, Ghana Post’s branch network is fairly evenly dense in both urban and rural areas, with 349 branches in total. Increased operating restrictions recently put in place by Western Union and MoneyGram has led to some branch closures. These branches are currently in the process of being restored, following completion of necessary audit and compliance reviews.

All Ghana Post services have been digitised with the launch of the Ghana PostPay App but digital remittance termination is not live yet. Ghana Post Pay launched in February 2020 but not all Ghana Post services are currently available through the app including the termination of international remittances, as a Ghana Post eWallet is in the pipeline. Through the support of the Universal Postal Union’s Financial Inclusion Technical Assistance Facility (FITAF), Ghana Post will be launching an eWallet targeting remittance termination, as part of the Ghana PostPay. Approval to launch the Ghana Post eWallet is ongoing with the Bank of Ghana, supported by GhiPPS and their eWallet partner, First Atlantic Bank.
RSPs access points reflect the concentration of financial services providers in the most populated areas. Some regions could be better served through mobile money agent network.

Access points remain concentrated in the most populated areas, which opens opportunities to better serve remote and underbanked populations.

Given limitations on inbound mobile-enabled remittances, the outreach of mobile agents remains under exploited to grow the market.

- Access point growth in the last 5 years is largely attributable to the number of mobile money agents across the country.
- There are currently over 226,000 active mobile money agents throughout the country (mapped by the BoG) against less than 3,000 remittance access points.

Accra and Kumasi concentrate most of access points whereas the hinterland between the two is underserved even though relatively densely populated.
It is not possible for NBFIs to send money out of Ghana. This reduces the flow of formal outbound transactions and lowers the volume of inbound intra-Africa transactions.

- It is estimated that US$976m of remittances were sent from Ghana through formal channels in 2018. Of this, 68% went to Nigeria and 26% to other ECOWAS states (Benin, Burkina Faso, Côte d'Ivoire, Liberia and Togo) (World Bank). Although care should be taken as to the accuracy of these numbers.
- There are 466,780 migrants in the country, 84% are from neighboring countries (UNDESA).
- The current regulations restrict the sending of remittances from Ghana to banks. NBFIs are not allowed to send money.
- Recent discussions with NBFIs show a strong desire to be able to send money from the country. They frequently cite that this is at the request of potential customers.
- There is a strong and growing intra-Africa international mobile money market. However, continental and global mobile money operators are not offering transfer services to Ghana because they are not allowed to send money out of the country. They have advised that they would like to be able to send money to the country but only if they are allowed to send money out. This is important as it would help with liquidity and operational matters.
- It is understood that migrants are sending money from Ghana but that the vast majority of it is moving via informal operators.
Priority Policy Actions

3.3. Foster inbound remittances payment through mobile money providers

3.4. Enlarge geospatial referencing of mobile money access points to international remittance pay out access points to identify gaps among territories and opportunities in the market.

3.5. Assess the feasibility of allowing NBFI's to be able to send money from Ghana, within certain restrictions.
Financial Services for Remittance Users
Some Ghanaian banks have offered transactional accounts, banking services and on-boarding processes catering to the diaspora but the offering remains limited

<table>
<thead>
<tr>
<th>Products</th>
<th>Target</th>
<th>KYC Requirements</th>
<th>Account Opening</th>
<th>Products Features and Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diaspora Current Account</td>
<td>Non-Resident Ghanaians (NRG)</td>
<td>Photo, ID, References, Employer's letter of introduction - if salary account,</td>
<td>Remotely Online</td>
<td>Minimum balance of GH¢500</td>
</tr>
<tr>
<td></td>
<td>Resident Non-Ghanaians</td>
<td>Residence Permit - if non-</td>
<td></td>
<td>Monthly service fee GH¢50</td>
</tr>
<tr>
<td>Account Service, Savings, Easy Savings,</td>
<td>NRG</td>
<td>Photo, ID, Proof of Address, References</td>
<td>Online via Email + Postal</td>
<td></td>
</tr>
<tr>
<td>Current Accounts, Foreign Currency Account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diaspora Accounts - Current and Savings</td>
<td>NRG</td>
<td>Photo, ID, Proof of Address</td>
<td>Online via Email</td>
<td>Initial deposit: GH¢500/US$200/EU€200/GB£200</td>
</tr>
<tr>
<td>Stanbic Bank</td>
<td>Diaspora Current Account</td>
<td>Ghanaians living abroad (NRG) or emigrating soon</td>
<td>Online via Email</td>
<td>Low opening balance of GH¢500 or its foreign currency equivalent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Photo, ID, Proof of Address</td>
<td></td>
<td>Min. balance of GH¢5,000 (US$2,000, GB£1,000, EU€1500 and ZAR12 000)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>If not, monthly service fee of GH¢15</td>
</tr>
<tr>
<td>Diaspora Funeral Insurance</td>
<td>NRG</td>
<td>ID</td>
<td>Online</td>
<td>The minimum premium is GH¢90.00 and covers burial costs of principal, up to GH¢10,000</td>
</tr>
<tr>
<td>NRG Standard Savings Account, NRG Standard</td>
<td></td>
<td>Photo, ID, Proof of Address, Proof of Source of Funds</td>
<td>Online + Postal</td>
<td>No minimum operating balance</td>
</tr>
<tr>
<td>Gold Account, NRG Standard Investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account, NRG Standard Target Account</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Migration and Remittances

Financial Environment

Regulatory Environment

Market Structure

Financial Services for Remittance Users

Stakeholders and Coordination

Recommendations

PRIME AFRICA

41
Some Fintechs have started to explore the provision of financial services linked with remittances through digital platforms and partnerships with FSPs

- Some Fintechs have begun to explore ways to foster financial services and payments linked to remittances, whilst providing an enhanced customer experience through digitalisation.

- Much of the interest in innovation in this sector has been driven by the Remittance Grant Facility (RGF) - a recent accelerator of product innovation.

- The focus of the US$2.6 million project, financed by Switzerland through the State Secretariat for Economic Affairs (SECO) and managed by KPMG, is to leverage remittances for economic growth and financial inclusion using technology.

- Applicants to the fund submit project proposals that innovate around one of four RGF objectives:
  1. Improve remittances efficiency and cost,
  2. Improve remittance first and/or last mile access,
  3. Faster remittances and
  4. Remittance backed financial products.

- A total of 750,000 US$ was awarded to the first 4 grant recipients: Fintechs - Dream Oval, ExpressPay and Zeepay, as well as an MTO - PayInc Ghana Limited.

<table>
<thead>
<tr>
<th>RGF Grantee</th>
<th>Area of Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dream Oval</td>
<td>SlydeRemit is an experiential upgrade to the &quot;SEND MONEY&quot; service of the SlydePay app (a FinTech and bank partnership between Stanbic Bank and DreamOval Limited that allows individuals and businesses to pay and receive money via web and the app).</td>
</tr>
<tr>
<td>ExpressPay</td>
<td>Remittance product with embedded health insurance on a rolling 30-day cover basis up to GH¢1000, when a minimum of GB£150 is received.</td>
</tr>
<tr>
<td>PayInc</td>
<td>Distributable Remittances for Savings and Investment (DRSI) which is a multifaceted Remittance Based Financial Product aimed at serving both Remitters and Beneficiaries and therefore connecting both ends of the Remittance value chain.</td>
</tr>
<tr>
<td>Zeepay</td>
<td>Increase first and last mile access, promote the use of formal remittance channels and faster remittances.</td>
</tr>
</tbody>
</table>
Some Fintechs have started to explore the provision of financial services linked with remittances through digital platforms and partnerships with FSPs

Zeepay Update

The company has successfully completed its programme which ran for a period of 18 months. The milestones achieved during the programme include:

**First Mile Access.** Zeepay introduced an online portal and mobile application channels working through its MTO partners including MoneyGram and Ria. This has resulted in remittances from lesser-known corridors to Ghana.

**Last Mile Access.** The grantee’s partnership with a few global money transfer operators including MoneyGram, Ria, Small World, MoneyTrans, Instant Cash and INSTNTMNY resulted in a significant increase in mobile wallet repeat transactions which means recipients do not have to travel to a bank branch or agent to receive their remittances.

**Cost of Remittances.** The cost reduction effect of Zeepay’s operations is linked to online and mobile applications available to remitters, through its MTO partners in the send markets. The partnership notably offers zero fees for senders through MoneyGram online directly to mobile money wallets.

**Investment-Backed Remittance Product.** In the course of implementation, Zeepay was able to develop an investment-backed remittance product called Remit-Invest in partnership with Glico Capital.

PayInc Update

The company has successfully completed its program which ran for a period of 24 months. The milestones achieved during the program include:

**Cost of Remittances.**
- Reduction of cost to below 1%

**Faster Remittances.**
- Reduction of processing time to within 5 minutes across all channels
- 58% switch from over-the-counter cash-outs to digital channels

**Greater use of formal sector remittances.**
- Average of 16% month-on-month increase in customer numbers
- Through the RGF support, PayInc also extended its service to five new corridors in Europe (Germany, Netherlands, Italy, France, and Spain).
Client-centric research is necessary to accompany the switch towards digitalisation and identify market opportunities to develop inclusive services bundled with remittances

- Remittance users find a certain convenience in using informal channels and still fear to use mobile remittances especially at the sending end due to lack of trust, frauds affecting the channel's reputation and other user experience frictions along the customer journey.

- International remittances, because of their higher average amount compared to domestic remittances, open more opportunities for the recipients to set aside part of the amount received and pay for essential goods and services, and potentially save some funds instead of cashing out the entire amount at the point of sale. As shown by the COVID-19 crisis, developing payment and financial services catering to remittance recipients’ needs would both help to improve the whole digital payment ecosystem whilst providing remittance users with more convenient options (including lower exposure to the pandemic) and more resilience to financial shocks.

- Behavioural research, led by DMAG, has shown that channel preferences vary across corridors. International best practices show that any campaign aiming at changing ways to send and receive money need to engage both the recipients and the senders. Awareness and financial literacy campaigns are more efficient if addressed at both ends of a particular corridor.

- Addressing the gender and rural financial gaps through remittances, as a buffer for financial resilience, needs more behavioural and geographical research information in order to be able to take action, for both Government-led endeavours and the private sector.
Financial Services for Remittance Users

Priority Policy Action

4.1. Encourage client-centric research (with a gender lens) and map areas of migration by corridors to support awareness raising and financial literacy campaigns and to help new product development and customer risk profiling by the private sector.

4.2. Launch awareness raising and financial literacy campaigns (featuring corridor and gender approaches) building on existing financial literacy initiatives.
Stakeholders and Coordination
The governance and oversight of remittance activities rely on the Ministry of Finance, Bank of Ghana, and the Financial Intelligence Centre

- The Ministry of Finance develops, coordinates, monitors and evaluates economic and financial policy. It also promotes and facilitates public awareness, financial inclusion, financial education and literacy of the public and is responsible for capacity building of regulatory bodies in the financial sector.

- The Financial Sector Division - Development Finance Unit is responsible for:
  - Oversight and policy development for all financial institutions whose activities directly focus on development and poverty reduction
  - Government counterpart for the SECO funded, Remittance Grant Facility Challenge Fund

- The Bank of Ghana is the overall supervisory and regulatory authority in matters relating to banking and non-banking financial business. The Bank of Ghana Act 2000, Act 612 empowers the BoG to oversee the payment and settlement system in Ghana.

### Relevant Bank of Ghana Departments for International Remittances

<table>
<thead>
<tr>
<th>Payment Services Department</th>
<th>Fintech and Innovation Office</th>
<th>Banking Supervision</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Regulates and oversees the payment and settlement system</td>
<td>• Newly established in 2020</td>
<td>• Supervision of banks and non-bank deposit taking financial institutions</td>
</tr>
<tr>
<td>• Promote the safety and efficiency of the payment and settlement system</td>
<td>• Develops policies to promote Fintech, innovation and interoperability in Ghana</td>
<td></td>
</tr>
<tr>
<td>• Previously responsible for the authorisation of operators in the remittance market in Ghana</td>
<td>• Responsible for licensing and oversight of mobile money operators, payment service providers (PSPs), closed loop payment products, payment support solutions and other emerging forms of payment delivered by non-bank entities</td>
<td></td>
</tr>
</tbody>
</table>

- The Financial Intelligence Centre was established in accordance of the Anti-Money Laundering Act, 2008 (Act 749). The FIC has a joint mandate with the BoG to request, receive, analyse, interpret and disseminate financial intelligence in Ghana and abroad. The FIC is required to monitor all financial transfers larger than GH¢50,000.
A number of donor initiatives focused on developing new products and gathering data have identified opportunities to scaling-up or mainstreaming

- IFAD’s PRIME Africa programme aims to seize the development opportunities that remittances provide through innovations, partnerships and scalable products that promote regulated and affordable remittance transfers, while promoting the digitization of financial services and financial inclusion. Launched in 2020, PRIME Africa commissioned this diagnostic and set up the National Remittances Task Force, now renamed the National Remittance Stakeholders Network (NRSN), to bring together all stakeholders for coordination and to discuss challenges and opportunities in the remittances market. A roadmap is being developed to improve the market and provide qualified grants to lower prices and increase financial inclusion.

- Since 2017, SECO’s Remittance Grant Facility (RGF) challenge fund has been accelerating innovation in Ghana’s remittance market. Managed by KPMG, the fund provides grants for the design and piloting of affordable and accessible products and services that extend the scope of remittances to the rural areas.
  - The RGF has committed US$ 1.1 million in grants over two rounds conducted in 2018 and 2019. 5 Fintechs and 1 MTO, were awarded grants on a 50:50 matching funds basis. RGF grant beneficiary projects are focused on four development areas: (1) Formality, (2) Speed, (3) Cost and Access and (4) New or Upgraded Remittance Services.
  - Grantees Zeepay and PayInc have successfully delivered their RGF projects in 2020.
  - A study of the Ghana remittance market was commissioned by the RGF in 2019 (and conducted by DMA Global) to better understand market dynamics, to develop effective tools to improve the remittance operating environment, and to encourage growth in and usage of formal remittances channels by the Ghanaian diaspora sending funds to their family and friends.
  - The RGF fund is due for completion in 2020.

- The International Organization for Migration in Ghana have been active in the remittance space in the last few years, focused on harnessing the potential remittance.
  - Through the “Improving Capacities to Leverage Migrant Remittances for Development” Programme in 2017, a sample survey of 1,200 households in six districts in Ghana was completed, contributing to enhancing the institutional capacity of the Ghana Statistical Service to collect remittance data. An in-depth qualitative survey of remittance-related services and practices of financial institutions was also completed.
  - For the ACP-EU Project in Ghana in 2018-9, a remittance policy recommendation and strategy paper was drafted (to be published) and shared with heads of key public institutions working on remittances. The two baseline study reports from 2017 on the Ghana remittances market were disseminated to key public and private institutions, local communities included in the survey data collection and academic institutions in Ghana, promoting knowledge of remittances in the country. A workshop in February 2019, brought together the private sector and development professionals to discuss ways in which to reduce remittance transfer costs and increase remittance flows to Ghana.

- UNCDF’s recently launched “Boosting Green Employment and Enterprise Opportunities in Ghana (GrEEn)” four year programme, funded by the European Union Trust Fund for Africa, is aimed at creating greater economic and employment opportunities for youth, women and returning migrants by promoting and supporting sustainable, green businesses. The programme will use a combination of performance-based grants, access to finance, technical assistance and skills development to promote green and circular economies. Remittances and digital solutions targeted at (i) youth, women and returnees benefiting from cash for work schemes and (ii) local communities and MSMEs, will be leveraged to increase access and usage of financial services.
Stakeholders and Coordination

Priority Policy Actions

6.1. Develop ways to extend the Remittance Grant Facility initiatives by building upon the lessons learned.

6.2. Consolidate the existing governance of the sector by setting up a dedicated working group to coordinate the stakeholders along a common agenda of addressable priorities.
Recommendations
## Summary of Recommendations

| Co | Coordination | Leverage the NRTF to create a Working Group for the coordination, implementation and review of improving Ghana’s remittance landscape |
|    |             | To review existing remittance data collection frameworks and processes with a view to making changes, (if necessary), so that data can be provided at a more disaggregated level, facilitate more in-depth analysis and better market intelligence (flow, corridors, channels and operators). The review should also include the impact of COVID-19 on the market-place |
| A  | Data        | Encourage innovation in the remittances and payments market |
| B  | Digitisation - Innovation and Technology | Increase network access in rural communities |
| C  | Enabling Environment - Rural Access | Permit inbound international remittances to be terminated onto all domestic payment systems |
| D  | Enabling Environment - Payment System Infrastructure | Investigate the development of guidance on aligning current KYC, CDD, identity frameworks to key innovations to enhance remittance flows and access for remittance providers, banks and fintech services in Ghana. Processes should be developed to address high levels of fraud in the market (e.g. improved law enforcement to increase the prosecution of fraudsters) |
| E  | Enabling Environment - AML/CFT | Develop a financial education and awareness programme to raise awareness of digital international remittances services and products in both the send and receive markets |
| F  | Remittance-Related Product Awareness and Education | Address restrictions around outbound transactions, especially intra-African remittance flows |

### Recommendations

- **Respond to COVID-19**
- **Accelerate Digitalisation**
- **Reduce Costs**
- **Increase and Deepen Financial Inclusion**

### Posters

- Market Structure
- Financial Services for Remittance Users
- Stakeholders and Coordination
- Recommendations

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**IFAD**

Investing in rural people

**PRIME AFRICA**

51
A. Leverage the NRTF to create a Working Group for the coordination, implementation and review of improving Ghana’s remittance landscape

Objectives Met:

- With the dual goals of decreasing the costs of remittances and increasing financial inclusion, those involved in the PRIME project for Ghana, are poised to ensure that Ghana’s remittances can be properly leveraged and that remittances can drive financial inclusion

Rationale:
- The discussions, recommendations and interventions coming out of the NRTF meetings need to be harmonized across all stakeholders and projects.

### Actions

A.1 Develop the National Remittance Task Force into a working group that can continue to address remittances and financial inclusion from various sectors

### Activities

A.1.1 Divide working group stakeholders amongst the key recommendations developed from the NRTF

A.1.2 Provide regular updates to remittance stakeholders in Ghana

A.1.3 Periodic meetings across groups to ensure synergy at all levels

A.2. Ensure coordination and communication exercises between the various stakeholders and projects across the country.

A.2.2 Align objectives with other national strategies to ensure that efforts are not duplicated

Benefits:
- The PRIME Ghana working group will be able to work with all stakeholders to ensure that the initiatives for improving and leveraging remittances to (and from) Ghana are will contribute to increasing financial inclusion across the country and lowering the cost of remittances
B. To review existing remittance data collection frameworks and processes with a view to making changes, (if necessary), so that data can be provided at a more disaggregated level, facilitate more in-depth analysis and better market intelligence (flow, corridors, channels and operators). The review should also include the impact of COVID-19 on the market-place

Objectives Met:

- BoG collects data on remittances on an annual basis, at present it is not clear whether their existing frameworks are able to provide better quality market intelligence
- Without timely, accurate and useful data it is difficult to make good policy or business decisions
- BoG put in place measures in response to the pandemic, such as; digital transaction fee waivers; remote e-wallet opening with minimum KYC; increased transaction limits. The impact of these measures should be reviewed to assess whether they should become permanent
- Lessons from Ghana could be helpful for other countries

Rationale:

- BoG collects data on remittances on an annual basis, at present it is not clear whether their existing frameworks are able to provide better quality market intelligence
- Without timely, accurate and useful data it is difficult to make good policy or business decisions
- BoG put in place measures in response to the pandemic, such as; digital transaction fee waivers; remote e-wallet opening with minimum KYC; increased transaction limits. The impact of these measures should be reviewed to assess whether they should become permanent
- Lessons from Ghana could be helpful for other countries

<table>
<thead>
<tr>
<th>Actions</th>
<th>Activities</th>
</tr>
</thead>
</table>
| B.1 Enhance remittance data collection | B.1.1 Develop automated data collection processes  
B.1.2 Develop and integrate data analysis and management tools  
B.1.3 Agree data collection processes and formats with all operators in the market  
B.1.4 Design and disseminate data in a user-friendly and timely manner  
B.1.5 Design and implement research with users of remittances in Ghana  
B.1.6 Surveys on informal flows |
| B.2 Deepen the knowledge on the use of remittances by financially excluded groups | B.2.1 Dedicated studies on the use of remittances by financially excluded groups  
B.2.2 Integrate international remittance items within nationally representative surveys like Findex and Finscope. |
| B.3 Data to support remittance awareness raising and financial literacy campaigns, help new product development and customer risk profiling. | B.3.1 Develop client-centric research with people considering migration, diaspora or with remittance beneficiaries to provide insights into product development  
B. 3. 2 Map areas of migration by corridors to facilitate targeted awareness campaigns and marketing |

Benefits:

- Enables the impact of COVID-19 to be measured, for instance the impact of KYC changes, changes in the volume of remittances
- Provides evidence to drive policy development including profiling the customer risk
- Enables private sector businesses to determine evidence based product development and market entry
- Determines if the changes helped create increased access and enhanced financial inclusion

Thematic: Data
### C. Encourage innovation in the remittances and payments market

**Objectives Met:**
- The policy agenda to leverage remittances to help bolster the use of payment system platforms and services, including the recently released NFIDS
- National Financial Inclusion and Development Strategy 2018-2023 calls for policy actions in this area. Some examples of the most relevant actions include: develop and promote a fully interoperable retail payment system; expand the scope of P2G payments using electronic means (such as e-zwich and mobile money); increase competition between remittance service providers to lower costs by authorizing regulated and sound MTOs, and digital remittance channels

**Rationale:**
- Mobile money is the most used digital payment instrument in both volume and value domestically and the CICO agent network is widely spread across the country
- Private stakeholders are already innovating in the market through the Remittance Grant Facility, and further work and initiatives can lead to the opportunity to develop remittance products alongside financial education development and provision

<table>
<thead>
<tr>
<th>Actions</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.1 Catalyse resources to scale-up or mainstream initiatives such as the Remittance Grant Facility by building upon the lessons learned.</td>
<td>C.1.1 Funding and technical assistance to extend current remittance innovation initiatives</td>
</tr>
<tr>
<td>C.2 Support the extension of corridor-specific players or Fintech models that propose particularly aggressive pricing.</td>
<td>C.2.1 Create an innovation fund. Example innovation areas can include: remittance-linked products; remittance products serving both ends of a remittance corridor, and improving the customer experience</td>
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<tr>
<td>C.3 Promote digital channels and support the customer journey to switch in order to overcome cash stickiness.</td>
<td>C.3.1 Develop awareness campaigns to highlight the benefits of digital channels</td>
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<td>C.4 International Money Transfer Operators should work more closely with Fintechs to leverage inbound remittances as a tool for financial inclusion.</td>
<td>C.3.2 Explore the use of consumer incentives for digital remittance channel use</td>
</tr>
<tr>
<td>C.5 Implement steps to ensure all IMTOs comply with the BoG Foreign Exchange Rate requirements or remove the requirement.</td>
<td>C.4.1 Develop consumer research as a public good to encourage development of customer driven solutions</td>
</tr>
<tr>
<td>C.6 Understand what remittance senders and receivers want and would benefit from to inform new product development and customer risk profiling.</td>
<td>C.6.1 Develop client-centric research with people considering migration, diaspora or with remittance beneficiaries to provide insights into product development</td>
</tr>
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**Benefits:**
- Increase competition in the market
- Foster the adoption of digital remittance products
- Lower cost through efficiency

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**Thematic:** Digitisation - Innovation and Technology

**Objectives Met:**
- Migration and Remittances
- Financial Environment
- Regulatory Environment
- Market Structure
- Financial Services for Remittance Users
- Stakeholders and Coordination

**Recommendations**
D. Increase network access in rural communities

Objectives Met:

- 44% of the population are in the rural areas of the country

**Rationale:**
- Access points for remittance services and domestic payments are concentrated in most populated areas of the country, especially south and central.
- There is an opportunity to leverage mobile money agent networks to provide increased access and increased adoption of digital financial services

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| D.1 Foster inbound remittances pay-out via mobile money | D.1.1 Design and implementation of financial literacy programmes  
D.1.2 Development of awareness campaigns to prompt usage |
| D.2 Enlarge geospatial referencing of mobile money access points to international remittance pay out access points to identify gaps among territories and opportunities in the market. | D.2.1 Funding and technical assistance for system development |

**Benefits:**
- Implementation would provide better access and therefore make it easier for receivers to obtain their funds
- Increase remittance flows through digital channels which should be lower cost than cash-based channels
E. Permit inbound international remittances to be terminated onto all domestic payment systems

Objectives Met:

- Currently it is not possible to terminate an inbound remittance transaction on to every component of the domestic payment system
- Interoperability is not currently being leveraged to its full potential
- e-zwich payment system is a good example of an initiative that would benefit from being directly linked to international remittances more efficiently
  - 2.8 million cards in circulation
  - Used by government to disperse funds to the poor and hard to reach during pandemic
  - Universal - can be used at any bank or agent in Ghana
  - Minimal KYC & biometric requirements
  - Fully interoperable with banks and Mobile money
  - Can be used offline

Rationale:

- • Currently it is not possible to terminate an inbound remittance transaction on to every component of the domestic payment system
- • Interoperability is not currently being leveraged to its full potential
- • e-zwich payment system is a good example of an initiative that would benefit from being directly linked to international remittances more efficiently

Benefits:

- Better network access in rural areas as services, such as e-zwich, are widely used in rural areas. If funds could be directly credited to them it would address many access problems
- Lower costs would be achieved for receivers of international remittances due to not needing to travel to collect money and because credits to card and digital services are lower than cash based alternatives

Recommendations:

- E.1 Foster access for all IMTOs to the domestic payment systems through Fintechs and the use of e-Zwich biometric cards.
  - E.1.1 Private sector to develop appropriate product solutions
  - E.1.2 Develop incentives for value-added services that could be made available through the e-zwich card
- E.2 An MoU should be reached between Postal Regulatory Authority and Bank of Ghana on Post remittances, and Ghana Post should report to the newly established Fintech and Innovation Office.
  - E.3 GHIPPs should explore potential challenges around settlement of inbound remittances transactions into bank accounts
  - E.3.1 Conduct a explorations workshop with RSPs to understand challenges around bank account termination of remittances

Thematic: Enabling Environment - Payment System Infrastructure
F. Investigate the development of guidance on aligning current KYC, CDD, identity frameworks to key innovations to enhance remittance flows and access for remittance providers, banks and fintech services in Ghana. Processes should be developed to address high levels of fraud in the market (e.g. improved law enforcement to increase the prosecution of fraudsters)

**Objectives Met:**

- Current KYC and CDD requirements are not necessarily proportionate to risks
- Customer identification options in Ghana do not easily fit into global guidance, such as FATF regulations
- This is restricting access to formal remittance services and to opening of accounts (bank and digital)

**Rationale:**

**Actions**

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| F.1 Strengthen ID digitalisation, virtual addressing, and implement further proportionate KYC requirements to foster the access and usage of transactional accounts. | F.1.1 Support national strategy for adoption of the Ghana Card (biometric national ID and Ghana Post GPS (digital addressing))
F.1.2 Review KYC requirements in line with remittance innovation developed to ensure they are proportionate to the risks in the market |
| F.2 Bank of Ghana and other key stakeholders in Ghana, the regulator in main send markets (FCA in the UK, relevant state regulators in the US (such as Maryland), and Central Bank of Nigeria) should collaborate to address issues of fraud in the market. | F.2.1 Conduct workshops and knowledge sharing activities with regulators in Ghana's main remittance send markets around fraudulent activities
F.2.2 Develop a strategy to address fraud in Ghana’s remittance market |
| F.3 Ghana should leverage the Ghana Card in addressing issues with fraudulent accounts etc. Authorities should learn from the experience in Nigeria with the Biometric Verification Number, and their approach to ensuring all accounts are linked to biometric information. | F.3.1 Conduct workshops and knowledge sharing activities with the Central Bank of Nigeria around BVN |

**Benefits:**

- Provide clarity to market participants
- Enable currently excluded communities to obtain access to formal financial services
G. Develop a financial education and awareness programme to raise awareness of digital international remittances services and products in both the send and receive markets

Objectives Met:

- Promoting digital remittances, as a response to COVID-19 restrictions, in send markets by engendering trust and demonstrating how to use has proved valuable

Rationale:

- The provision of information about services available to senders and receivers so that they can make informed choices is a vital part of the transaction process
- There is an opportunity to combine and develop this alongside product marketing and promotion

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<tr>
<td>G.1 Promote digital channels and support the customer journey to switch in order to overcome cash stickiness.</td>
<td>G.1.1 Develop awareness raising and financial literacy campaigns (featuring corridor and gender approaches) building on existing financial literacy initiatives. G.1.2 Explore consumer incentives for digital remittance channel use</td>
</tr>
<tr>
<td>G.2 Remittance Service Providers authorized to operate in the Ghanaian market should be required to disclose the total costs of a transaction, including whether there are additional charges at the receive end of the transaction.</td>
<td>G.2.1 Develop guidelines on remittance total cost disclosure for RSPs</td>
</tr>
<tr>
<td>G.3 Consumer protection regulations, particularly in the areas of disclosure of fees should be extended to include international remittances transactions, for both inward and outbound remittances.</td>
<td>G.3.1 Funding and technical assistance on developing remittance consumer protection regulations</td>
</tr>
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</table>

Benefits:

- Can assist with reducing remittance costs because digital services are cheaper than cash based services
- Can help improve financial inclusion when funds are credited to a digital wallet

Thematic: Remittance-Related Product Awareness and Education
H. Address restrictions around outbound transactions, especially intra-African remittance flows

Objectives Met:

- There are currently major restrictions on being able to send outbound remittances from Ghana
- They can only be facilitated through a bank and there are only 3 banks that are authorized banks to offer low value outbound remittances transactions to other African markets - Ecobank, UBA, Access Bank

Rationale:

- These restrictions are constraining the market (for example mobile money operators in other countries are unwilling to provide cross-border remittance services because the service is not reciprocated in Ghana)
- Current situation encourages informal remittance transactions
- Operators have expressed interest in exploring outbound remittances and have received customer interest

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<tr>
<td>H.1 Assess the risks and benefits to open the outbound market to NBFIs offering low-end-of-the-market customers formal products in order to compete with informal players, within certain restrictions.</td>
<td>H.1.1 Establish a core team and working group to examine the item</td>
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<td>H.1.2 Undertake an initial cross-benefit-analysis study to assess demand and identify risks.</td>
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<td>H.1.3 Depending on the outcomes of the cost-benefit analysis, develop a pilot (potentially a sand-box)</td>
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<td>If necessary, undertake regulatory changes</td>
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<tr>
<td>H.2 Enhance data collection</td>
<td>H.2.1 Surveys on informal flows, to better assess the real magnitude of flows and size of business opportunities for the main corridors</td>
</tr>
</tbody>
</table>

Benefits:

- Increase in remittance flows in the market
- It will encourage the use of the formal market
- It will increase competition, both domestically and regionally
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