



RemitSCOPE

Africa



Ghana

Country diagnostic

ACKNOWLEDGEMENTS

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ACRONYMS

ACH	automated clearing house
ACP-EU	Africa, Caribbean and the Pacific – European Union
ADB	Agricultural Development Bank
AfDB	African Development Bank
AML/CFT	anti money-laundering/combating the financing of terrorism
ATM	automated teller machine
BTCA	Better than Cash Alliance
CGAP	Consultative Group to Assist the Poor
CDD	customer due diligence
CICO	cash-in/cash-out
DMAG	Developing Markets Associates Global
ECOWAS	Economic Community of West African States
FATF	Financial Action Task Force
FFR	Financing Facility for Remittances
FIC	Financial Intelligence Centre
Fintech	financial technology
FSP	financial service provider
forex	foreign exchange
GACH	Ghana Automated Clearing House
GDP	gross domestic product
GhIPSS	Ghana Interbank Payment and Settlement Systems Limited
GIS	Ghana Interbank Settlement
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IFAD	International Fund for Agricultural Development
IMTO	international money transfer operator
IOM	International Organization for Migration
KPMG	Klynveld Peat Marwick Goerdeler International Limited
KYC	know-your-customer
MFI	microfinance institution
MMO	mobile money operators
MMP	mobile money provider
MSME	micro, small and medium enterprises
MTO	money transfer operator
NBFI	non-bank financial institution
NFID	National Financial Inclusion and Development Strategy
NRG	non-resident Ghanaians
NRSN	National Remittance Stakeholder Network
NRTF	National Remittance Task Force
P2G	person-to-government
P2P	peer-to-peer
POS	point of sale
PRIME Africa	Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa
PSP	payment system provider
RGF	Remittance Grant Facility
RSP	remittance service provider
RTGS	real-time gross settlement system
SDG	Sustainable Development Goal
SDI	specialized deposit-taking institution
SECO	State Secretariat for Economic Affairs (Switzerland)
UBA	United Bank for Africa
UN DESA	United Nations Department for Economic and Social Affairs
UNCDF	United Nations Capital Development Fund

Executive summary

This research is part of a series of country diagnostics in selected African countries, in implementation of the [Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa \(PRIME Africa\)](#) initiative. The diagnostic series can be downloaded on the [RemitSCOPE](#) web portal.

Migration and remittances

- Ghana's 1 million migrants mainly reside in Nigeria and bordering countries. Outside the continent, they live in Germany, Italy, the Netherlands, the United Kingdom and the United States.
- International remittances account for over 5 per cent of the Ghanaian economy, with an estimated 600,000 families relying on them.
- Ghana is the second-highest receiver of remittances in sub-Saharan Africa (after Nigeria). An estimated US\$4.5 billion was sent to Ghana in 2021, equivalent to 6 per cent of its GDP (World Bank).

Financial market

- Existing financial inclusion and digital financial service strategies provide a clear framework for fostering inclusive, reliable and digitalized financial services including remittances.
- The domestic payment system is well-developed but there is scope for accessing all domestic payment systems in order to pay out international remittances.
- Domestic remittances are an important driver for 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 for greater use of digital international remittances, especially in rural areas and for women.

Market structure

- The Ghanaian remittance market has lower costs than many African markets. But it still has a long way to go to achieve the United Nations Sustainable Development Goal (SDG) 10.c.
- Toward this end, international money transfer operators (IMTOs) can partner with banks and/or non-bank financial institutions (NBFIs).
- The Ghanaian remittance market is predominantly cash-based, but with digital services rapidly increasing. The market is served by many international money transfer operators (MTOs) and a limited number of corridor specialists.
- Digital channels tend to be slightly less expensive than agent/cash channels, but this varies across sending countries for both supply and demand reasons.
- A wide array of remittance service providers (RSPs) pay out remittances through their own networks and the interoperable payment system, even though the mobile money infrastructure is not yet fully leveraged.

- RSP 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.

Financial services for remittance receivers

- Some Ghanaian banks offer transactional accounts, banking services and onboarding processes catering to the diaspora, but the offering remains limited.
- Some fintechs have started to explore providing financial services linked to remittances through digital platforms and partnerships with financial service providers (FSPs.)
- Client-centric research is necessary to accompany the switch toward digitalization 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 (PSP) licensing regime represents a significant change in Ghana's remittance regulatory environment.
- The Foreign Exchange Act of 2006 (Act 723) prohibits outbound remittances from Ghana unless the transaction is made through a bank.
- Ghana can leverage further financial inclusion and its digital payment infrastructure by strengthening ID digitalization, implementing virtual addressing and broadening proportionate know-your-customer (KYC) requirements to banks.

Stakeholders and coordination

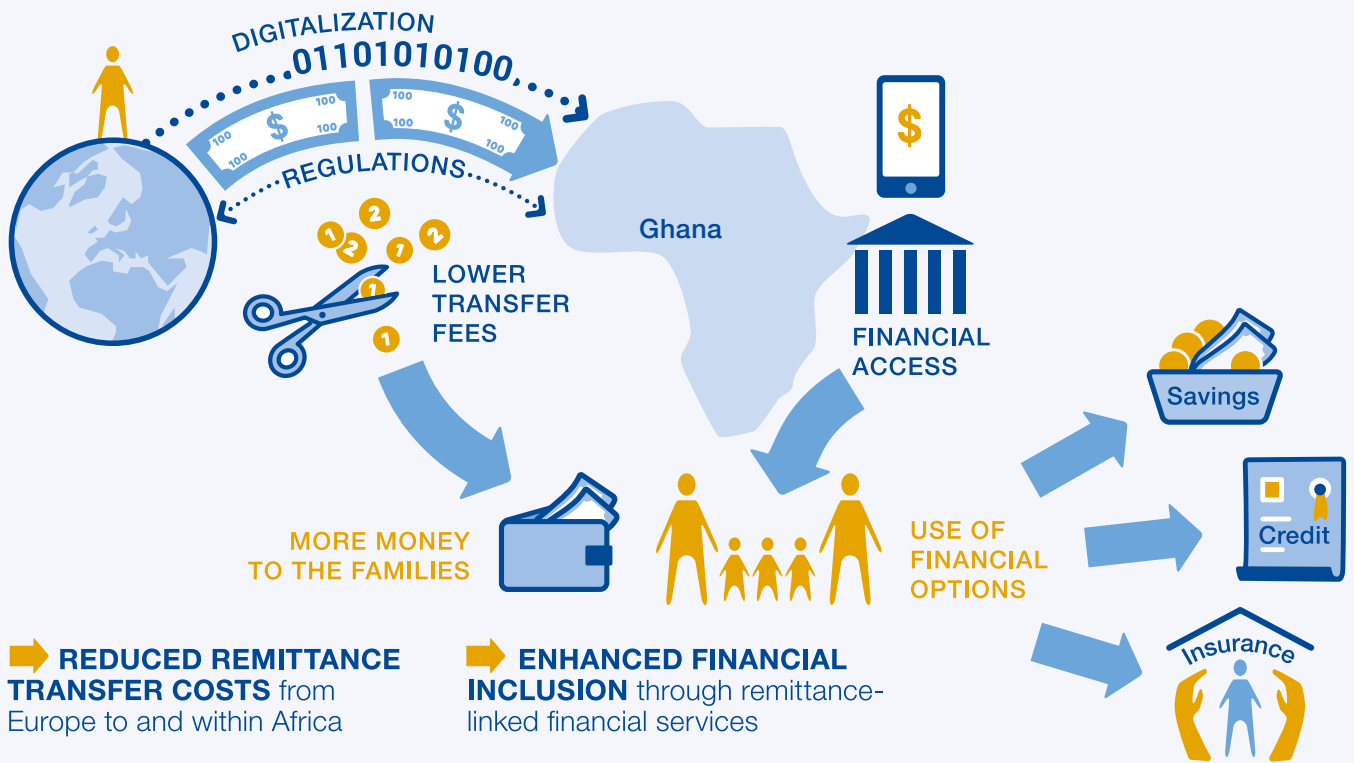
- The governance and oversight of remittance activities are carried out by the Ministry of Finance, the Bank of Ghana and the Financial Intelligence Centre.
- Several donor initiatives focused on developing new products and gathering data have already identified opportunities for scaling up or mainstreaming.
- Some of the other key stakeholders in this space include the International Fund for Agricultural Development (IFAD), the International Organization for Migration (IOM), KPMG International, the State Secretariat for Economic Affairs (SECO) of Switzerland and the United Nations Capital Development Fund (UNCDF).

The PRIME Africa initiative

IFAD is implementing the **Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa) initiative**, co-financed by the European Union and aimed at maximizing the impact of remittances for millions of families in selected African countries, which contributes to fostering local economic opportunities in migrants' countries of origin (figure 1).

Figure 1. PRIME Africa activities in Ghana

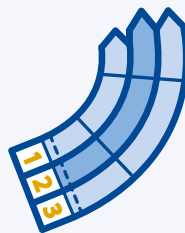
GOALS



ACTIVITIES



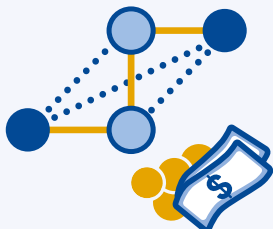
● **Address the data gap**
Strategic market data allow for further market depth and width, and targeted capacity-building to key stakeholders for remittance data creation and use.



● **Increase market competition**
Expand access to remittances through close cooperation with public and private sectors, and additionally reduce significantly direct and indirect costs, and spur market competition.



● **Support an enabling environment**
Coherent national regulatory frameworks in both sending and receiving countries can foster competition in remittance corridors and enable safe, cheap and fast transfers.



● **Finance and promote business models linking remittances and financial services**
Co-finance and promote innovative, replicable and scalable business models and technologies that link remittances to financial services, toward greater financial inclusion.



● **Finance scalable innovations and related capacity**
Collaboration mechanisms in place among central banks, regulatory bodies, the private sector and diaspora communities in sending and receiving countries; and strengthened capacity to adapt and scale up best practices within an operational framework that allows cooperation among partners.

Objectives

This Ghana country diagnostic was prepared in accordance with the PRIME Africa goals, including:

1. To reduce remittance transfer costs to Ghana in support of the relevant Sustainable Development Goal (SDG 10.c) and the Global Compact for Safe, Orderly and Regular Migration.
2. To reduce the use of informal transfer channels to Ghana.
3. To enhance financial inclusion through associated financial services.

This 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. Coming soon are insights into two specific send markets (corridors) to Ghana, including demand-side research.

Based on the findings of this diagnostic, recommendations will be included in a road map proposing a prioritized approach to achieving the PRIME Africa goals. Coordination and cohesion with public policy and other international development agencies will be key to success. It is envisaged that public and private funding will be made available for road map implementation.

Methodology

The focus of the Ghana diagnostic so far has been on the remittance market in Ghana from the supply side of the market. This comprises:

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

The research was carried out between January and June 2020. The report has been updated with the most recent figures and data on remittance flows and digitalization.

Two National Task Force Meetings (April 2020 and May 2020) were held virtually with market stakeholders in response to the COVID-19 pandemic to assess the impact of the pandemic on the Ghanaian remittance market. The discussions kept going at the additional National Remittance Stakeholder Network (NRSN) meetings, held in July 2020 and January 2021. The last NRSN meeting took place in presence in Accra on 16 June 2022, within the observance of the International Day of Family Remittances (IDFR).

RECOMMENDATIONS

- A. Review existing remittance data collection frameworks and processes with a view to making changes if necessary, so as to provide data 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 the COVID-19 pandemic on the marketplace.
 - 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 and customer due diligence (CDD), identity frameworks with key innovations to enhance remittance flows and access for remittance providers, banks and financial technology (fintech) services in Ghana.
 - H. Leverage the National Remittances Task Force (NRTF) to create a working group for the coordination, implementation and review of Ghana's remittance landscape.
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1. Migration and remittances

Figure 2. Map of Ghana



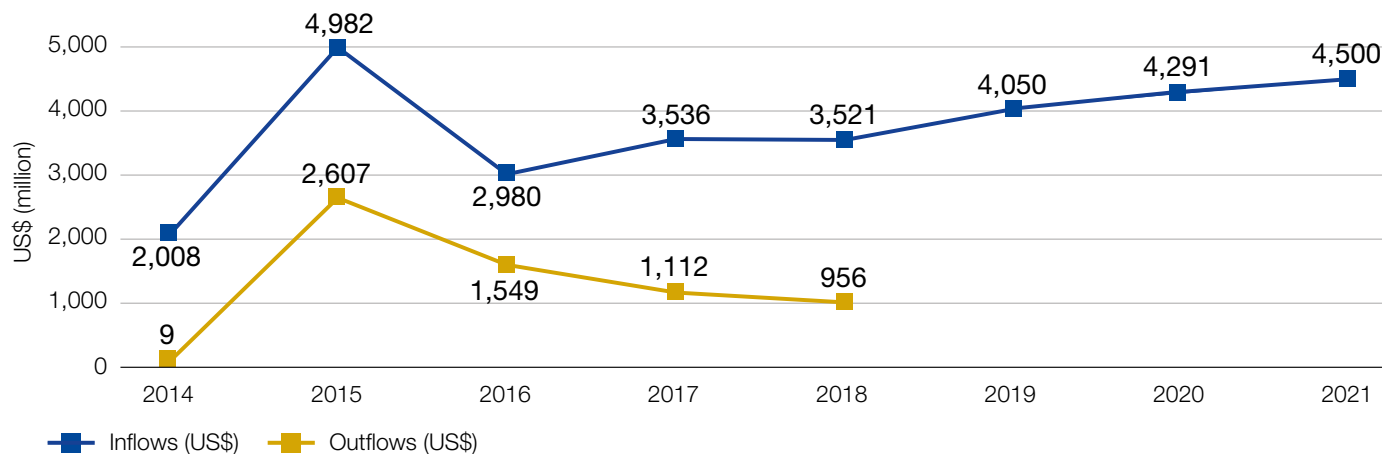
Ghana's 1 million migrants mainly reside in Nigeria and bordering countries. Outside the continent, they live in Germany, Italy, the United Kingdom and the United States.

- The Ghanaian diaspora is estimated to be between 300,000 and 1.5 million people, and is considered large for a medium-sized country of a population of 29.7 million.¹ According to figures from the United Nations Department of Economic and Social Affairs (UN DESA), Ghana's total emigrant population was 970,625 in 2019.
- The main destination countries are Nigeria (24 per cent), the United States (18 per cent), the United Kingdom (15 per cent) and Côte d'Ivoire (11 per cent).
- The majority of Ghanaian migrants (49 per cent) are hosted in sub-Saharan Africa. Twenty per cent of migrants reside in bordering countries – Côte d'Ivoire (111,024), Togo (47,093) and Burkina Faso (33,225).
- Fifteen per cent of Ghanaians overseas reside in the European Union. 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 per cent since 2015 due to relatively better living conditions in Ghana and tougher migration conditions in host countries, combined with an economic downturn that started in 2007.
- Ghana's political and economic stability makes it an attractive host country for the 466,780 migrants currently living there. Some 84 per cent of migrants are from sub-Saharan Africa. Neighbouring countries Togo, Burkina Faso and Côte d'Ivoire account for 52 per cent of those immigrants.

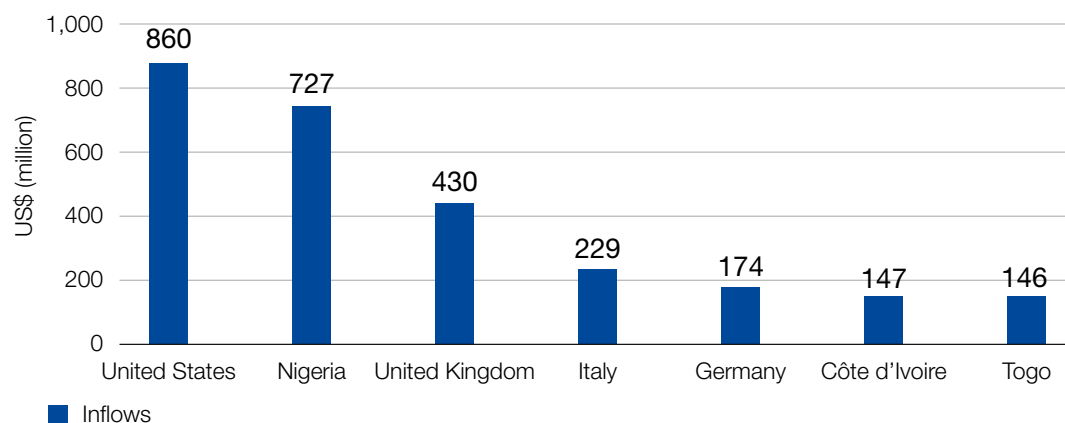
International remittances account for over 5 per cent of the Ghanaian economy, with an estimated 600,000 families relying on them.

- Ghana is the second-highest receiver of remittances in sub-Saharan Africa (after Nigeria). An estimated = US\$4.5 billion was sent to Ghana in 2021, equivalent to 6.1 per cent of GDP (World Bank).
- The true value of remittances sent home is likely to be significantly higher due to money sent through informal (unregistered) channels. This is particularly true of bordering countries and Nigeria.
- Remittance data are collected by the Bank of Ghana although they are not published.
- Following a period of rapid growth and decline, remittance inflows to Ghana have remained stable since 2017. Ghana's remittance inflows peaked in 2015 at just under US\$5 billion, a performance attributed to the increased use of formal channels, improved data capture and an increase in financial transfer volumes. Declining inflows in 2016 were felt across the sub-Saharan region, and were due to slow economic growth in remittance-sending countries and a decline in commodity prices, especially oil. This affected countries receiving remittances from regional commodity exporters.
- Ghana is a net receiver of remittances. As a result of outbound remittance restrictions, it is suspected that a significant amount of money flows informally from Ghana to neighbouring countries in the Economic Community of West African States (ECOWAS) region.
- Ghana's remittance inflows are in line with emigration trends. The main originators of remittances into Ghana are the United States (28 per cent), Nigeria (19 per cent) and the United Kingdom (14 per cent).
- Remittance flows from EU countries account for 21 per cent of total inflows in Ghana. Italy, Germany and the Netherlands are the main EU corridors.
- Of all remittance inflows, 30 per cent are intra-African. After Nigeria, Togo (5 per cent) and Burkina Faso (3 per cent), remittances to Ghana are the largest intra-African remittance corridors.

^{1/} Sources: African Union, International Organization for Migration, UN DESA, World Bank 2010–2019.

Figure 3. Ghana annual remittance flows (US\$ million)

Source: World Bank.

Figure 4. Main inbound remittance corridors to Ghana

Source: World Bank Bilateral Remittance Matrix 2018.

PRIORITY POLICY ACTIONS

B.1-H.2 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 the size of business opportunities for the main corridors. Ensure data include detail on corridors and methods used and that they are collected from all licensed businesses. Disseminate the data collected to all stakeholders.

2. Financial environment

Existing financial inclusion and digital financial service strategies provide a clear framework for developing inclusive, reliable and digitalized financial services, including remittances.

Under the leadership of the Ministry of Finance and in partnership with donors (GIZ,² Swiss Cooperation) and international organizations (CGAP,³ BTCA,⁴ AfDB⁵), 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 at increasing financial inclusion from 58 per cent to 85 per cent by 2023.
 - Money transfers are integral to financial services that meet the needs of all Ghanaians. The NFID stresses that remittances have played a critical role in promoting access to financial services: usage rose from 5 per cent to 24 per cent of the population between 2010 and 2015. Further use of remittances should be promoted by increasing competition among providers of remittance services while also lowering costs by authorizing regulated and sound, specialized deposit-taking institutions (SDIs) and money transfer operators to provide remittance services.
 - The strategy intends to strengthen anti-money laundering/combatting the financing of terrorism (AML/CFT) supervision and enforcement, while promoting risk-based KYC requirement through a better knowledge of customers' risk profiles and enhanced ID systems.
 - The NFID emphasizes the role of financial technology 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 at developing existing digital systems to create a resilient, inclusive and innovative digital ecosystem through 43 action points. The fifth pillar of the policy aims at fostering the use of digital payments, including remittances, and recommends authorizing receipt and payment of international remittances directly by e-money issuers.
- The **Cash-lite Roadmap**, designed with BTCA, 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 increased access in order to pay out international remittances.

- Ghana has developed its domestic payments infrastructure in a short time and it is maturing quickly.
 - The domestic payments infrastructure is digitalizing rapidly, which is helping to reduce remittance costs and provide more efficient services.
 - All licensed 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, MMPs 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, an interoperable platform for instant payments across bank accounts and mobile wallets.

2/ Deutsche Gesellschaft für Internationale Zusammenarbeit.

3/ Consultant Group to Assist the Poor.

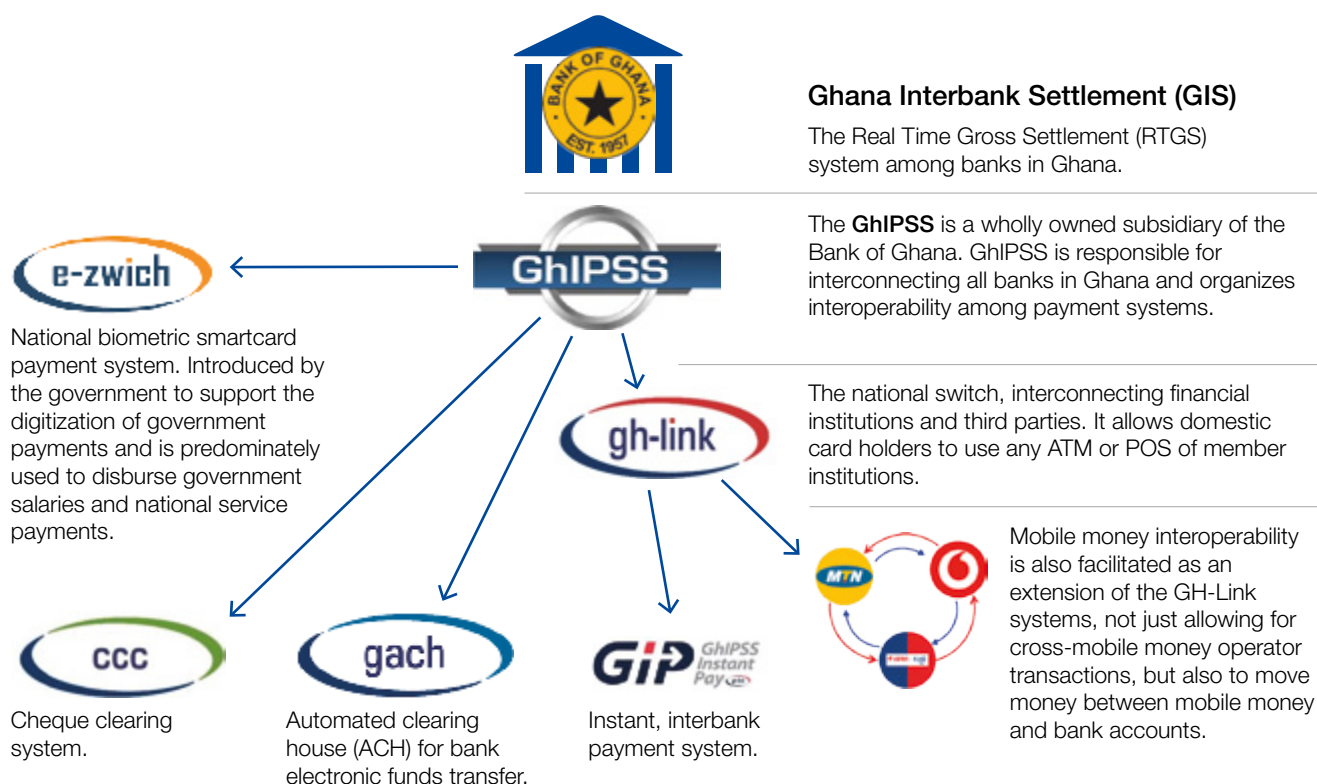
4/ Better than Cash Alliance.

5/ African Development Bank.

- Inbound international remittances can be terminated via several methods including cash, digital wallet (mobile money or e-wallet), account (bank or savings and loans) and post office pick-up (including cash and other areas such as cards, mobiles and e-wallets).
 - 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 payout network.
- However, it is still not possible to terminate inbound international remittances in every domestic payment system.
 - For example, the e-zwich payment system cannot receive international remittances directly. It has over 2.8 million account holders, is universal and has been used by the government to distribute funds during the pandemic.

The domestic payment system is mature but greater access is needed to all domestic payments facilities.

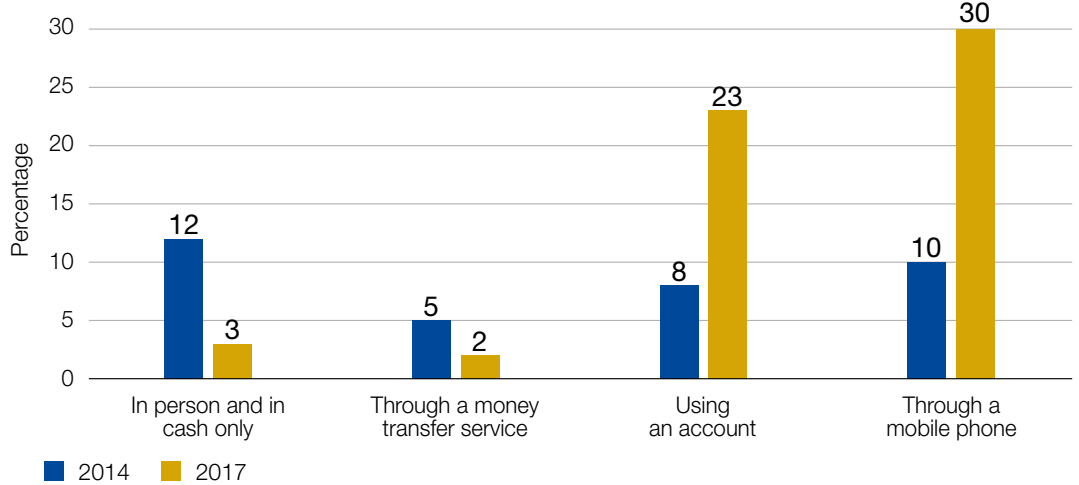
Figure 5. Ghana Interbank Payment and Settlement Systems Limited (GhIPSS)



Domestic remittances are an important driver for transactional accounts, mobile money and the digital ecosystem.

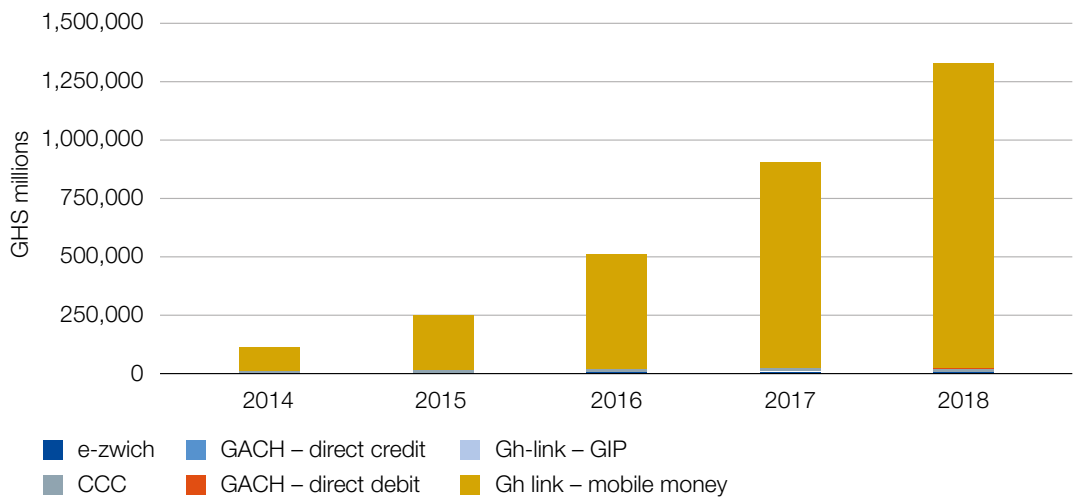
- The uptake of mobile money has encouraged the use of formal channels to send and receive money domestically:
 - A full 58 per cent of the adult population send or receive domestic remittances, up from 46 per cent in 2014; and
 - Mobile-enabled and account-based domestic transfers are replacing in-cash transfers through MTOs and informal channels.

Figure 6. Sending domestic remittances



Source: Findex 2017, World Bank.

Figure 7. Value of digital retail payments (GHS millions)



Source: Bank of Ghana, 2018.

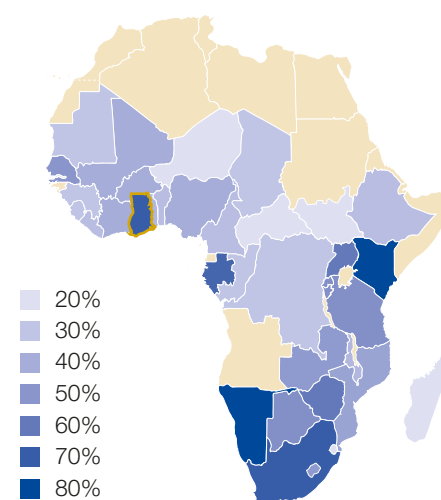
Driven by the uptake of mobile accounts, financial inclusion is high in Ghana, but there is still room to expand digital international remittances, especially in rural areas and for women.

Mobile money transactions are so large that they dwarf all other instruments.

- Account ownership has increased by 17 per cent since 2014 and stood at 68 per cent in 2021, making Ghana the most advanced country in the West Africa subregion in terms of financial inclusion.
- Growth in financial inclusion is largely attributable to mobile accounts, which now represent about 40 per cent of all accounts held.
- However, only 53 per cent of women, and 57 per cent of adults in rural areas have accounts, so greater penetration is needed.
- Ghanaians generally have sufficient ID to obtain a mobile account, with only 5 per cent of the population without acceptable documentation.
- Knowledge and use of digital remittances in key send markets requires further education, trust-building and awareness activities.

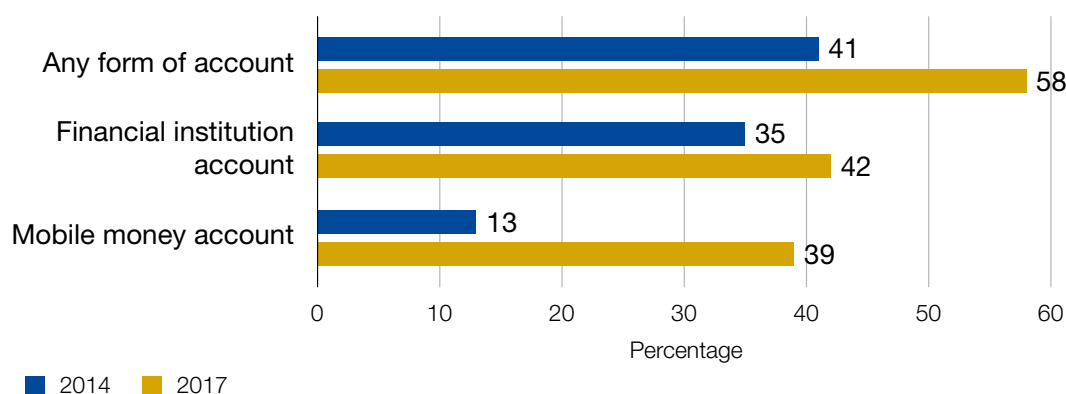
- While there is a strong fintech sector in Ghana that can help deliver innovative remittance-linked products, the market for such products, and/or financial services tailored specifically to the needs of the diaspora, is still in its nascent stages, with opportunities for innovation.
- There is a compelling need for financial products such as savings, insurance and others to be offered as options with remittance transactions. Remittances are a proven gateway to financial inclusion. Senders can play a vital role in educating receivers as to the benefits of financial products and the flow of remittances acts as a catalyst.
- Client-centric research and data are needed to customize existing services to remittance recipients – especially for international remittances, which usually move greater sums than domestic transfers – with a special focus on women and rural dwellers.

Figure 8. Financial inclusion in Ghana and Africa



Source: Findev Gateway based on Findex data 2017.

Figure 9. Account ownership by type of institutions (adult +15)



Source: Findex data 2017.

PRIORITY POLICY ACTIONS

E.1 Foster access for all IMTOs to the domestic payment systems through fintechs and the use of e-zwitch biometric cards.

G.1 Support the development of digital financial services linked to international and domestic remittances.

B.2 Deepen knowledge on the use of remittances among financially excluded groups through dedicated studies and by integrating international remittance items in nationally representative surveys like FinScope and Findex.

3. 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, specifying that all inward or outward payments of foreign currency must be made by a bank or 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 sending remittance out of Ghana.

AML/CFT 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 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 for 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 (MMOs) and Agents.
- The new act has expanded scope and provides a 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 entities and MMOs.

This new licensing regime marks a significant change in Ghana's remittance regulatory environment.

- To operationalize the Payment Systems and Services Act, five categories of Payment System Providers (PSP) licences have been created, with minimum capital, governance and system requirements attached to each category. A licence application process has been communicated.
- Payment service providers operating in the inbound remittance market come 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 personalization of Europay, Mastercard and Visa cards, merchant acquiring, POS deployment, payment aggregation and inward international remittance services.

- PSP enhanced licences are valid for five years on approval and fees are incurred for the processing (GHS 12,000 – US\$1,993), issuance (GHS 40,000 – US\$6,662) and renewal (GHS 7,000 – US\$1,164) of a licence.
- Minimum capital requirement for PSP Enhanced Licence holders is GHS 2 million (approximately US\$350,000), which can only be paid with a cash deposit.
- Minimum governance requirements include being a registered Ghana business and having dedicated office space (major changes compared to the usual way of doing business for MTOs in Ghana).
- With their 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. Operators in the market were given a 31 December 2020 deadline, to submit applications for a licence and transition into the new licencing regime. Licence applications have a 90-day SLA, and the first licence was awarded in May 2020.

Table 1. Payment system provider (PSP) enhanced licence minimum

PSP Enhanced licence minimum governance requirements	
Registered Ghana business	External audit – Tier 2 to Tier 1 audit firm
Dedicated physical office space	Risk management framework
Verified board of directors	Compliance framework
Clear balanced and adequate organizational structure	Data protection policy
Procedures manual	Data protection certificate
PSP Enhanced licence minimum system requirements	
ISO 27001	Authentication
Payment card industry/data security standard (PCI/DSS)	Backup policy
Extended validation (EV) Secure sockets layer (SSL)	Evidence of backup setup

- All banks are authorized 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 authorized to offer low-value outbound peer-to-peer (P2P) remittance transactions from Ghana to other African markets:
 - Access Bank
 - Ecobank
 - United Bank for Africa
- Pan-African and global MMOs are not currently making transfers 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 operations.
- Ghana has made impressive progress in digitalizing the identification process to simplify customer diligences to the benefit of the less-documented and less-literate population and of financial service providers.

The Foreign Exchange Act 723 prohibits outbound remittance transactions from Ghana unless made through a bank.

Ghana can leverage further financial inclusion and its digital payment infrastructure by strengthening ID digitalization, virtual addressing, and implementing further proportionate KYC requirements.

- The Ghana Card is to become Ghana's primary national ID, serving as proof of identity, citizenship and residence. 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 KYC procedures at financial institutions.
- Implemented in 2017, GhanaPostGPS is the national digital property addressing system created by Vokacom to provide every property in Ghana with a unique digital address. The system covers the whole country by dividing it into 5x5 metre grids, and is accessible via a smartphone application. Addresses are nine characters long, consisting of a postal code combined with an individual four-digit location code.
- 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 in the digital payment infrastructure stack. The objective is to develop electronic KYC and instil fully interoperable instant payments among existing payment systems.
- A risk-based approach to KYC categorized on 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.
 1. **Minimum KYC accounts**, intended as a first step toward financial inclusion for the unbanked, they are subject to very low transaction limits and correspondingly low documentation requirements.
 - Every minimum KYC account issued is subject to a maximum balance limit of GHS 1,000 (US\$168), an aggregate daily transaction limit of GHS 300 (US\$50) and an aggregate monthly transaction limit of GHS 3,000 (US\$504).
 2. **Medium KYC accounts** have intermediate transaction limits and documentation requirements.
 - Every medium KYC account issued is subject to a maximum balance limit of GHS 10,000 (US\$1,680), an aggregate daily transaction limit of GHS 2,000 (US\$336) and an aggregate monthly transaction limit of GHS 20,000 (US\$3,360).
 3. **Enhanced KYC accounts** give access to high limits but come with bank-grade account opening requirements.
 - Every enhanced KYC account issued is subject to a maximum balance limit of GHS 20,000 (US\$3,360), an aggregate daily transaction limit of GHS 5,000 (US\$840) and an aggregate monthly transaction limit of GHS 50,000 (US\$8,400).

PRIORITY POLICY ACTIONS

H.1 Assess the risks and benefits of opening the outbound market to NBFIs offering customers at the low end of the market formal products in order to compete with informal players.

F.1 Strengthen ID digitalization, virtual addressing, and implement further proportionate KYC requirements to foster access to and usage of transactional accounts.

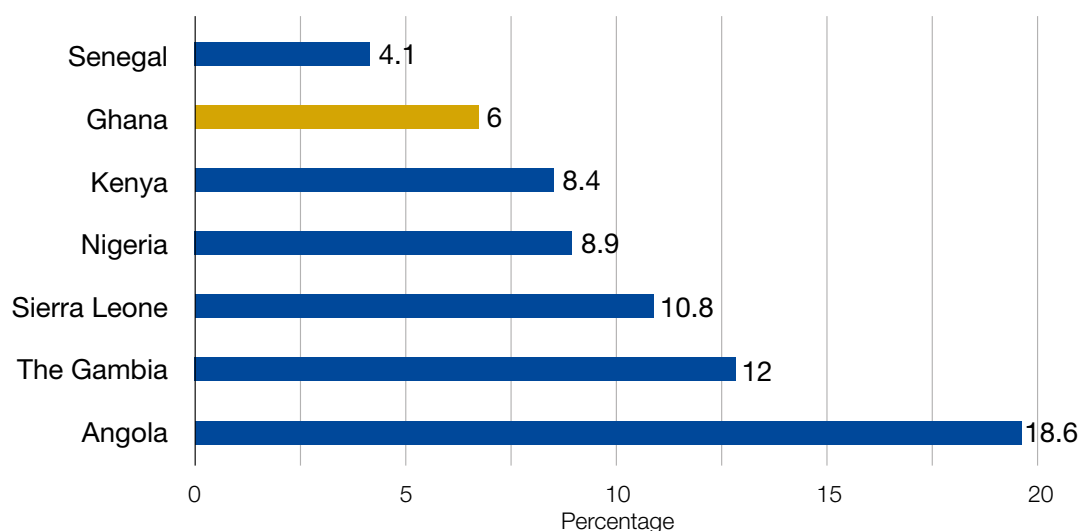
4. Market structure

The current average cost of sending US\$200 to Ghana is 6 per cent of the amount sent (Q1 2021). It is less than the African average of 7.83 per cent but still far above the 3 per cent SDG 10.c target.

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

The Ghanaian remittance market has lower costs than many African markets but is still a long way from achieving SDG 10.c.

Figure 10. Average cost of sending US\$200 to African countries



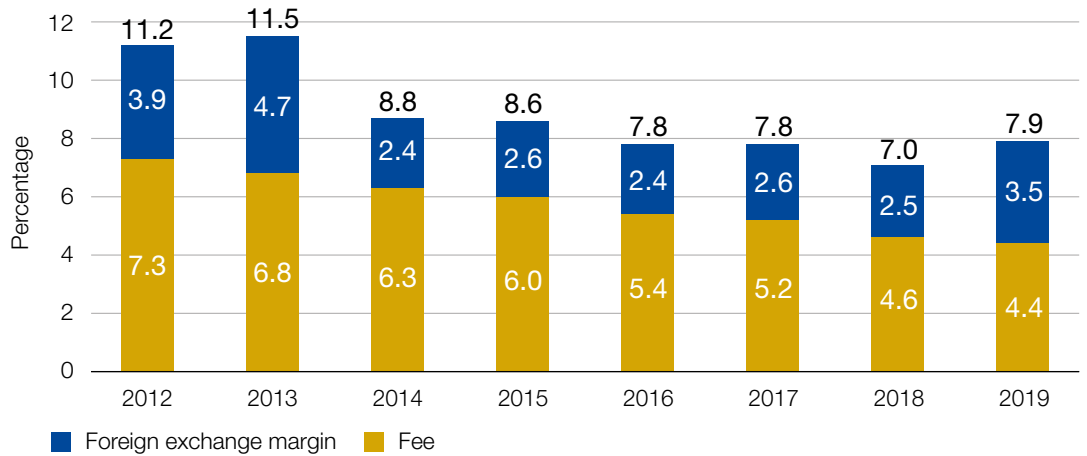
Source: RPW Q1 2021, World Bank.

Driven by enhanced competition, remittance prices to Ghana have been decreasing since 2013 from 11 per cent to 6 per cent.

However, sending costs increased almost 1 per cent between 2018 and 2019 due to the foreign exchange margin charged by RSPs for remittances to Ghana.

Within Ghana, all operators sending within 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 foreign exchange margins for many transactions.

Figure 11. Total cost of sending US\$200 equivalent to Ghana since 2011



Source: RPW Q1 2020, World Bank.

A range of institutions are allowed to deliver inbound international remittances in Ghana. Indeed, IMTOs can partner with:

- Banks;
- NBFIs, but only in partnership (sub-representative) with banks; and
- Ghana Post as a sub-representative of banks.

Regulatory environment key features:

- There is no specific regulation for the inbound remittance market.
- The relevant regulatory environment for inward remittances in Ghana has traditionally been bank-led.
- Recently, the Payment Systems and Services Act 2017 outlined a new regulatory framework for governing the payment sector, including international remittances.
- A significant change following the passing of the Act is that NBFIs, including fintechs and IMTOs must 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 licensing purposes.
- Inbound remittances to e-wallets are limited to a maximum of GHS 5,000 (US\$840). Limits may vary between RSPs.

The Ghanaian remittance market is predominantly cash-based, with digital services fast increasing. It is served by many international MTOs and a few corridor specialists.

Figure 12. The remittance value chain in Ghana at the sending side

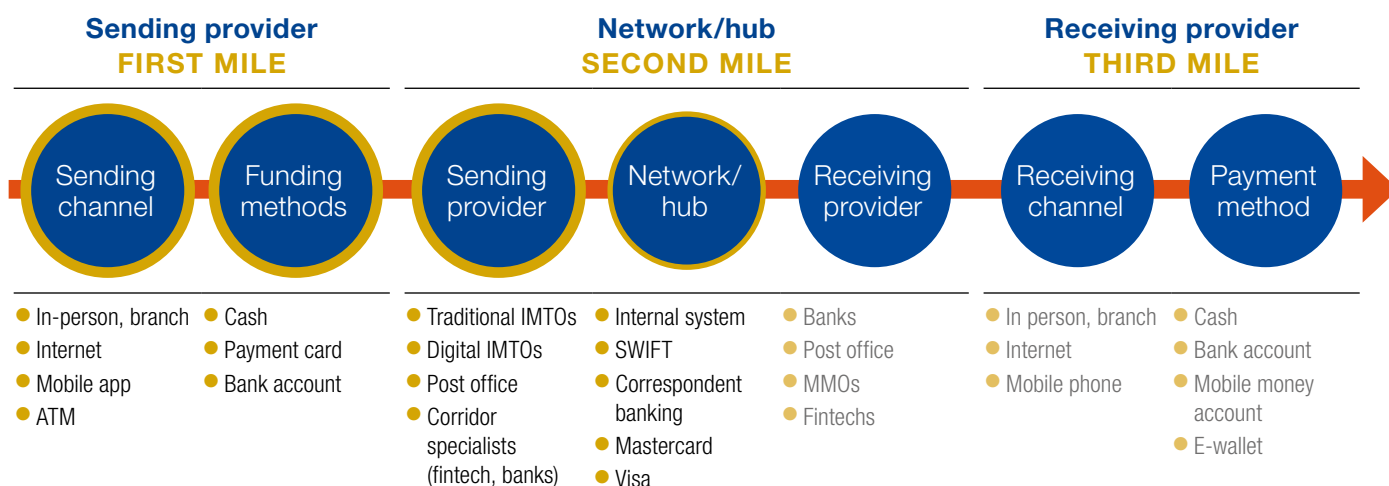
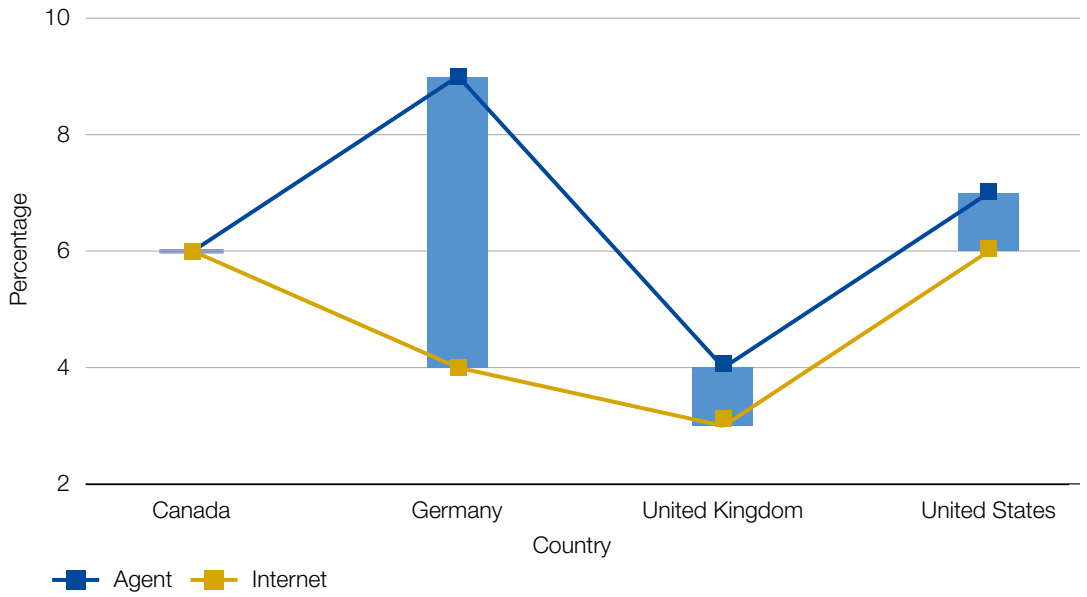


Table 2. Money transfer operators (MTOs) and corridor specialists

Traditional MTOs	MTOs	Corridor specialists
<ul style="list-style-type: none"> Four global MTOs which tend to focus on the traditional cash-to-cash services are present in most send markets: Western Union, MoneyGram, 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). Western Union costs are high at 10 per cent except in the United Kingdom, where competition is fiercer (aligned at 5 per cent). Their cash and digital services have generally quite similar pricing except in certain countries, such as Germany where agency costs are high. 	<ul style="list-style-type: none"> 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 United States and the United Kingdom. Their multi-channel, multi-instrument offering is not always the most competitive in the market. 	<ul style="list-style-type: none"> There are a number of corridor specialists also operating in the main corridors to Ghana. From the United Kingdom, 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, it is now also operating as an aggregator for newer entrants, allowing others to terminate inward remittances through its well-established network of pay out agents. Boss Revolution from the United States is another corridor specialist with a digital offering gaining traction in the market.

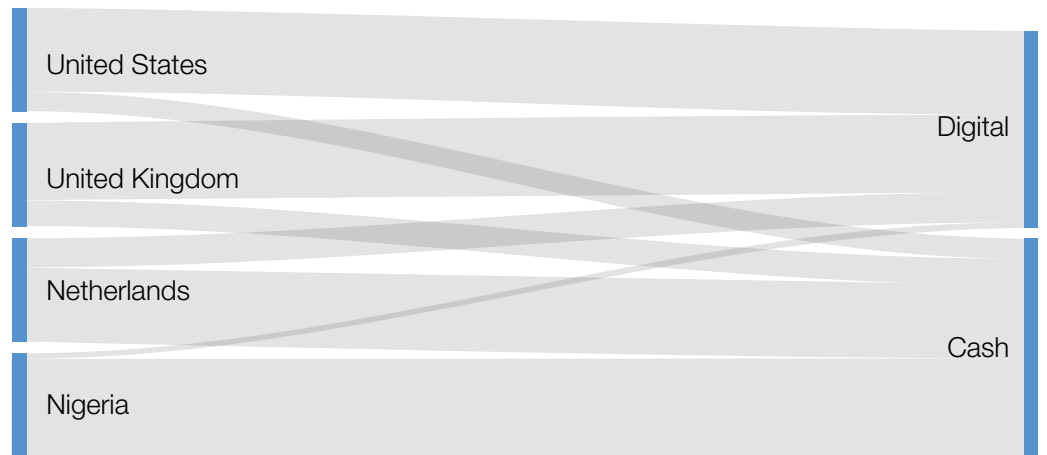
Digital channels tend to be slightly less expensive than agent/in-cash channels but this varies across sending countries for both supply side and demand side reasons.

Figure 13. Remittance volumes sent to Ghana (US\$ million)



Source: Remittance Prices Worldwide, 2020.

Figure 14. Digital channels to send remittances



Source: DMAG Demand-Side Research, 2019.

Table 3. Factors that help drive costs down

Market size		Corridor specific challenge	Fintech presence	Digital uptake among users	Average cost to send US\$200
United States	US\$610 million				5.63%
United Kingdom	US\$300 million				6.02%
Nigeria	US\$412 million				6.89%
Italy	US\$151 million				7.07%
Germany	US\$120 million				9.22%
Netherlands	US\$75 million				5.85%

- Measure is present
- Measure partly present
- Measure not present

Source: DMAG Research, Remittance Prices Worldwide, 2020.

PRIORITY POLICY ACTIONS (SENDING SIDE)

C.3 Promote digital channels and support customers to switch to e-transfers and overcome “cash stickiness”.

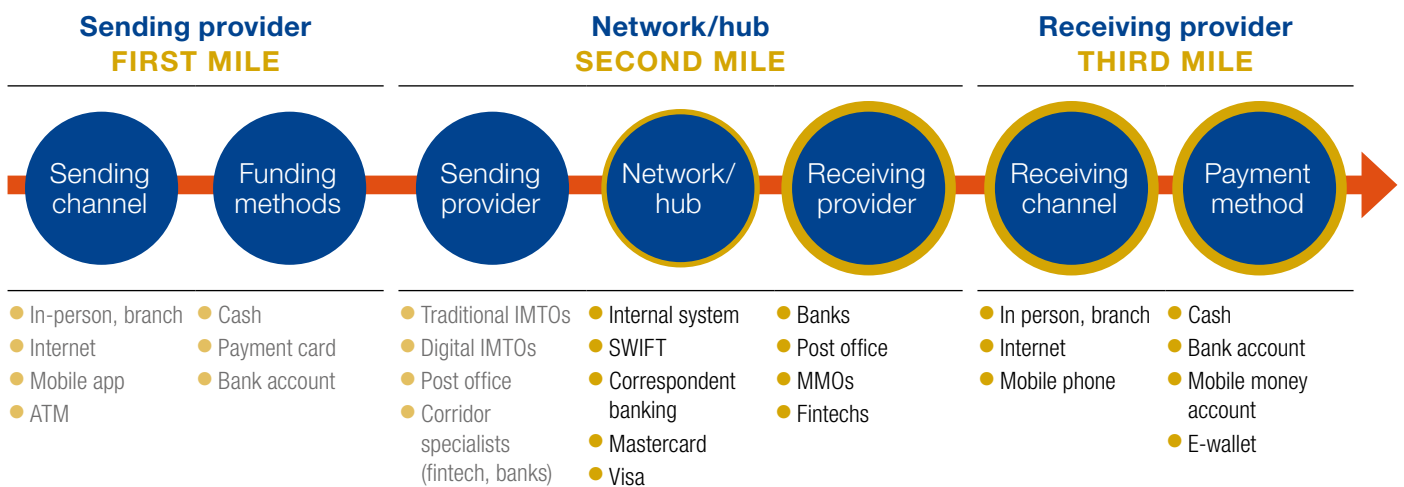
C.2 Support the extension of corridor-specific players or fintech models that propose particularly aggressive pricing.

C.5 Implement steps to ensure that all IMTOs comply with Bank of Ghana foreign exchange rate requirements or remove them.

5. The remittances value chain in Ghana: focus on the receiving end

Many RSPs pay out remittances through their own networks and the interoperable payment system, even though their mobile money infrastructure is not yet fully leveraged.

Figure 15. The remittance value chain in Ghana on the receiving end



Many RSPs are involved in the payment of inbound remittances in Ghana, in partnership with IMTOs.

- Most banks and all of the MMOs (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 digitalized CashPost with an app, e-wallet and debit card, interoperably linked to the payments system. The project is supported by the Universal Postal Union.
- NBFIs, 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 settlement off inward remittance transactions.

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

- All licensed 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 complete inbound remittances through a wide array of payment methods. They also have access to a broad network of access points.

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

- NBFIs involved in remittance payouts are obliged to partner with banks to access the payment system, which leads to additional costs.
- Remittances payouts onto mobile wallets are capped at GHS 300 (US\$50) a day.
- During the COVID-19 pandemic, mobile wallet limits were increased from GHS 300 to GHS 1,000 (US\$168) a day.

Ghana Post offers payout of inbound remittances through bank and MTO partnerships.

Ghana Post is licensed for (i) agency banking; and (ii) as a sub-representative of an MTO for settlement of inbound remittances. But it is not licensed as a remittance service provider by the Bank of Ghana. Instead, Ghana Post is regulated by the Postal and Courier Services Regulatory Commission.

Bank partners

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

Money transfer operator partners

- MoneyGram
- Ria Money Transfer
- Western Union

Money transfer operator partners through agent banking

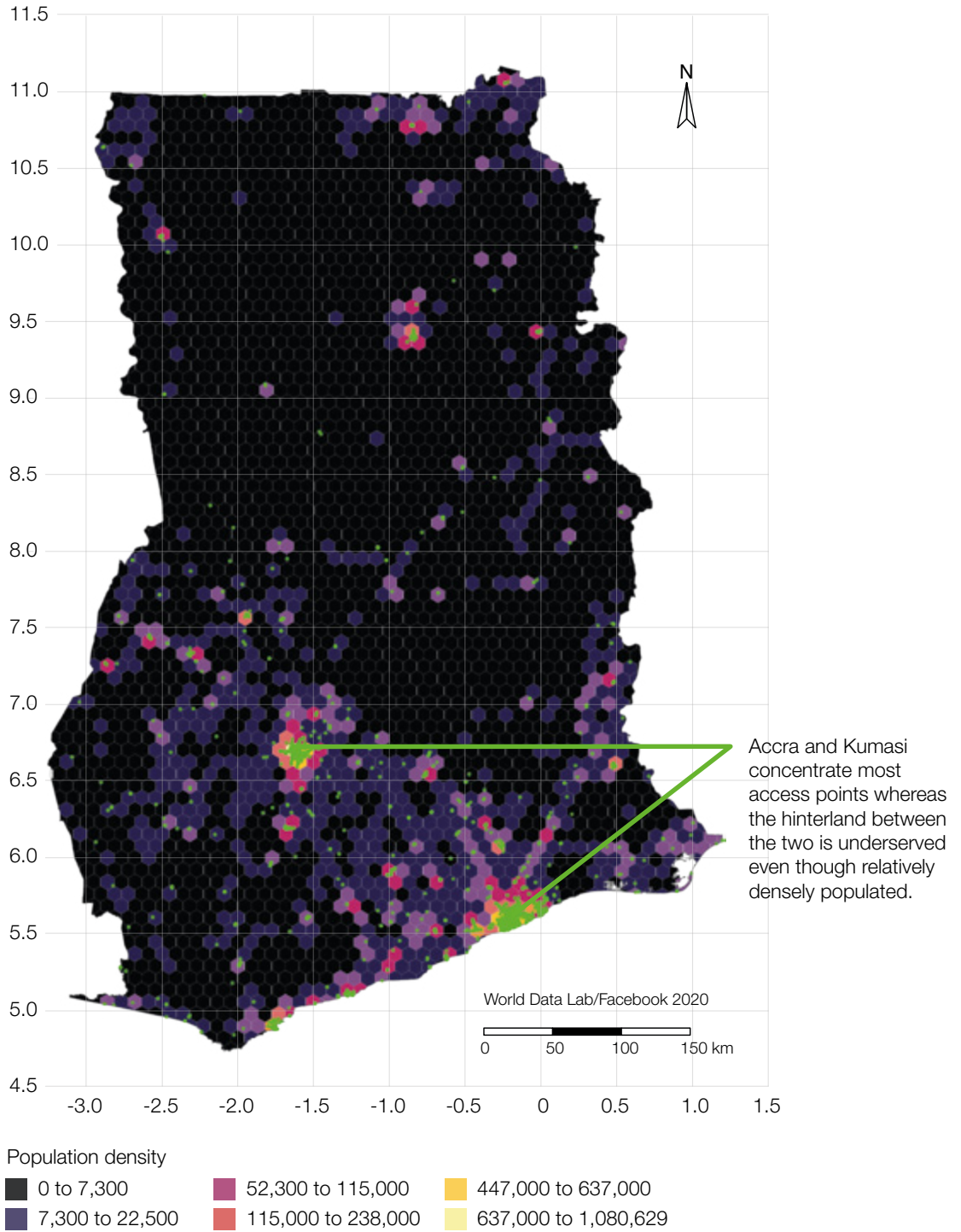
- Express Money
- Transfer Wise
- Unity Link
- World Remit – pending through First Atlantic Bank

While not large, Ghana Post's branch network is fairly dense in both urban and rural areas, with 349 branches in total. Increased operating restrictions recently put in place by Western Union and MoneyGram have 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 digitalized with the launch of the Ghana PostPay App, but digital remittance settlement is not live yet. Ghana Post Pay was launched in February 2020 but not all Ghana Post services are currently available through the app including the settlement of international remittances, as a Ghana Post e-wallet is in the pipeline. Through the support of the Universal Postal Union's financial inclusion technical assistance facility, Ghana Post will be launching an e-wallet targeting remittance payments as part of the Ghana PostPay. Approval to launch the Ghana Post e-wallet is ongoing with the Bank of Ghana, supported by GhiPPS and their e-wallet partner, First Atlantic Bank.

Figure 16. Remittance access points and population density map

RSPs access points reflect the concentration of financial services providers in the most populated areas, which opens opportunities to better serve remote and underbanked populations through mobile money agent networks.

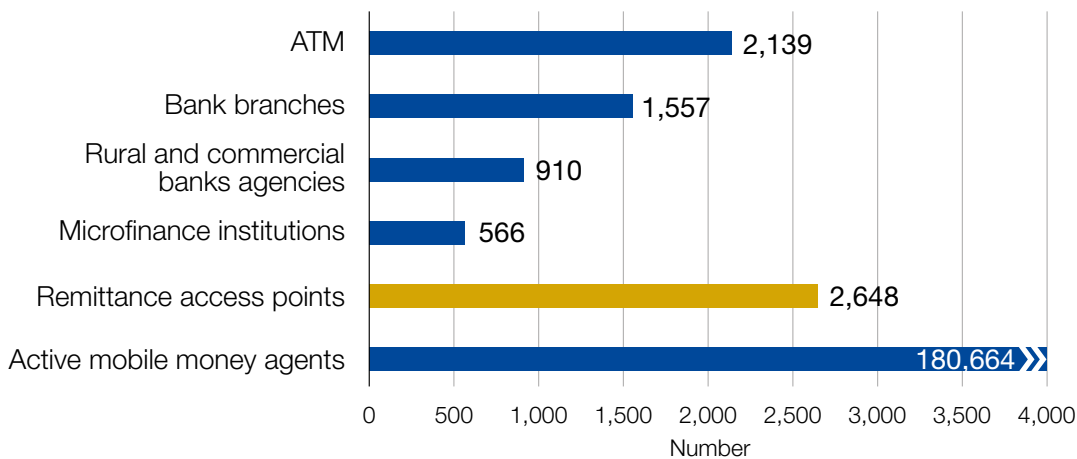


Source: World DataLab, IFAD 2020.

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 five 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 Bank of Ghana) against less than 3,000 remittance access points.

Figure 17. Financial access points in Ghana by type



Source: Bank of Ghana, 2019 – Remittance Access Points IFAD 2020.

- It is estimated that US\$976 million of remittances was sent from Ghana through formal channels in 2018. Of this, 68 per cent went to Nigeria and 26 per cent to other ECOWAS countries – Benin, Burkina Faso, Côte d’Ivoire, Liberia and Togo (World Bank), although the accuracy of these numbers cannot be ascertained.
- There are 466,780 migrants in the country, 84 per cent of whom are from neighbouring countries (UN DESA).
- Current regulations restrict sending remittances from Ghana to banks. NBFIs are not allowed to send money.
- Recent discussions with NBFIs show they are very keen to be able to send money from the country. They frequently note 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 MMOs are not offering transfer service 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.

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-African ones.

PRIORITY POLICY ACTIONS (RECEIVING END)

D.1 Foster inbound remittances payment through MMPs.







D.2 Enlarge geospatial referencing of mobile money access points to international remittance payout points to identify gaps among territories and opportunities in the market.

H.1 Assess the risks and benefits of opening the outbound market to NBFIs offering ordinary customers formal products in order to compete with informal players, within certain limitations.

6. Financial services for remittance users

Some Ghanaian banks have offered transactional accounts, banking services and onboarding processes catering to the diaspora, but the offering needs to be broadened further.

Table 4. Overview of financial products for non-resident Ghanaians



	Products	Target	KYC requirements	Account opening	Products features and conditions
	Diaspora current account	Non-resident Ghanaians (NRG)	Photo, ID, proof of address, references, employer's letter of introduction – if salary account, residence permit – if non-Ghanaian Resident non-Ghanaians	Remotely online	Minimum balance of GHS 500 Monthly service fee GHS 50
	Account service, savings, easy savings, current accounts, foreign currency account	NRG	Photo, ID, proof of address, references	Online via email + postal	
	Diaspora accounts – current and savings	NRG	Photo, ID, Proof of address	Online via email	Initial deposit: GHS 500/US\$200/ EUR 200/GBP 200
	Diaspora current account	NRG or emigrating soon	Photo, ID, proof of address	Online via email	Low opening balance of GHS 500 or its foreign currency equivalent. Min. balance of GHS 5,000 (US\$2,000, GBP 1,000, EUR 1,500 and ZAR 12,000) If not, monthly service fee of GHS 15
	Diaspora Funeral insurance	NRG	ID	Online	The minimum premium is GHS 90 and covers burial costs of principal, up to GHS 10,000
	NRG standard savings account, NRG standard gold account, NRG standard investment account, NRG standard target account	NRG	Photo, ID, proof of address, proof of source of funds	Online + postal	No minimum operating balance

- Some fintechs are exploring offering financial services linked to remittances through digital platforms and partnerships with FSPs.
- Some fintechs have begun to explore ways to promote financial services and payments linked to remittances while providing an enhanced customer experience through digitalization.
- 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 of the Netherlands, is to leverage remittances for economic growth and financial inclusion using technology.

- Applicants to the facility submit project proposals that innovate around one of four RGF objectives:
 - i. improve remittance efficiency and cost;
 - ii. improve remittance first- and/or last-mile access;
 - iii. provide faster remittance transfers; and
 - iv. offer remittance-backed financial products.
- A total of US\$750,000 was awarded to the first four grant recipients: Fintechs – Dream Oval, ExpressPay and Zeepay, plus an MTO – PayInc Ghana Limited.

RGF grantee	Area of innovation
Dream Oval	SlydeRemit is an experiential upgrade to the “SEND MONEY” service of the SlydePay app (a fintech and bank partnership between Stanbic Bank and DreamOval Ltd. that allows individuals and businesses to pay and receive money via the Internet and an app).
ExpressPay	Remittance product with embedded health insurance on a rolling 30-day cover basis up to GHS 1,000, when a minimum of GBP 150 is received.
PayInc	Distributable Remittances for Savings and Investment 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.
Zeepay	Increase first- and last-mile access, promote the use of formal remittance channels and faster remittances.

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

Zeepay update	PayInc update
	
<p>The company has successfully completed its programme, which ran for 18 months, achieving the following milestones:</p> <p>First mile access</p> <ul style="list-style-type: none"> – Zeepay introduced an online portal and mobile application channels working through its MTO partners including MoneyGram and Ria Money Transfer. This has resulted in remittances from lesser-known corridors to Ghana. <p>Last mile access</p> <ul style="list-style-type: none"> – The grantee’s partnership with a few global money transfer operators including MoneyGram, Ria Money Transfer, 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. <p>Cost of remittances</p> <ul style="list-style-type: none"> – 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. <p>Investment-backed remittance product</p> <ul style="list-style-type: none"> – In the course of implementation, Zeepay was able to develop an investment-backed remittance product called Remit-Invest in partnership with Glico Capital. 	<p>The company has successfully completed its program, which ran for 24 months. The milestones achieved during the program include:</p> <p>Cost of remittances</p> <ul style="list-style-type: none"> – Reduction of cost to below 1 per cent <p>Faster remittances</p> <ul style="list-style-type: none"> – Reduction of processing time to within five minutes across all channels – 58 per cent switch from over-the-counter cash-outs to digital channels <p>Greater use of formal sector remittances</p> <ul style="list-style-type: none"> – Average of 16 per cent month-on-month increase in customer numbers – Through the RGF support, PayInc also extended its service to five new corridors in Europe (France, Germany, Italy, the Netherlands and Spain).

- Remittance users find a certain convenience in using informal channels and are still reluctant to use mobile remittances, especially at the sending end, due to lack of trust, stories of fraud and other reported negative customer experiences.
- Because international remittances are usually larger compared to domestic transfers, they offer more opportunities for recipients to save part of the funds instead of cashing out the entire amount at the point of sale. As shown by the COVID-19 pandemic, developing payment and financial services catering to remittance recipients' needs would help to improve the whole digital payment ecosystem. And it would also help remittance users to lessen their potential exposure to the virus.
- Behavioural research, led by DMA Global, has shown that channel preferences vary across corridors. International best practices indicate that any campaign aiming at changing ways of sending and receiving money need to engage both the recipients and the senders. Awareness and financial literacy campaigns are more efficient if they target both ends of a corridor.
- Addressing gender and rural financial gaps through resilience-promoting remittances needs more behavioural and geographical research before action can be taken. This applies to both government-led and private sector endeavours.

Client-centric research is necessary to speed the switch toward digitalization and identify opportunities to develop inclusive services bundled with remittances.

PRIORITY POLICY ACTIONS

B.3 Encourage client-centric research (through a gender lens) and map areas of migration by corridors to support awareness-raising and financial literacy campaigns and to underpin new product development and customer risk profiling by the private sector. Launch awareness-raising and financial literacy campaigns (featuring corridor and gender approaches) building on existing financial literacy initiatives.

7. Stakeholders and coordination

The governance and oversight of remittance activities lies with the Ministry of Finance, the Bank of Ghana and the Financial Intelligence Centre (FIC).

- 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 public literacy, and is responsible for capacity-building at 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; and
 - Government counterpart for the SECO-funded, RGF 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 it to oversee the payment and settlement system in Ghana.

Table 5. Relevant Bank of Ghana departments for international remittances

Payment Services Department	Fintech and Innovation Office	Banking Supervision
<ul style="list-style-type: none"> – Regulates and oversees the payment and settlement system; – Promotes the safety and efficiency of the payment and settlement system; and – Previously responsible for the authorization of operators in the remittance market in Ghana 	<ul style="list-style-type: none"> – Newly established in 2020; – Develops policies to promote fintech, innovation and interoperability in Ghana; and – Responsible for licensing and oversight of MMOs, PSPs, closed-loop payment products, payment support solutions and other emerging forms of payment delivered by non-bank entities 	Supervision of bank and non-bank deposit-taking financial institutions

- The Financial Intelligence Centre was established in accordance with the Anti-Money Laundering Act, 2008 (Act 749). The FIC has a joint mandate with the Bank of Ghana to request, receive, analyse, interpret and disseminate financial intelligence in Ghana and abroad. The FIC is required to monitor all financial transfers larger than GHS 50,000 (US\$8,316).

Several donor initiatives focused on developing new products and gathering data have identified opportunities for scaling up or mainstreaming.

- **IFAD’s PRIME Africa programme** aims at seizing the development opportunities offered by remittances through innovations, partnerships and scalable products that promote regulated and affordable remittance payments while also promoting the digitalization 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 Stakeholder Network (NRSN), to bring together all stakeholders and to discuss challenges and opportunities in the remittances market. A road map is being implemented to improve the market and provide qualified grants designed to lower prices and increase financial inclusion.
- Since 2017, **SECO’s RGF challenge fund** has been accelerating innovation in Ghana’s remittance market. Managed by KPMG of the Netherlands, the fund provides

- grants for the design and piloting of affordable and accessible products and services that extend the scope of remittances to rural areas.
- The RGF has committed US\$1.1 million in grants over two rounds conducted in 2018 and 2019. Five fintechs and one MTO were awarded grants on a 50:50 matching funds basis. RGF grant beneficiary projects are focused on four development areas: (i) formality; (ii) speed; (iii) cost and access; and (iv) new or upgraded remittance services.
 - Grantees Zeepay and PayInc 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, while (i) developing effective tools to improve the remittance operating environment; and (ii) encouraging growth in, and usage of, formal remittances channels by the Ghanaian diaspora.
 - The RGF fund is due for completion in 2020.
- The **IOM in Ghana** has been active in the remittance space in the last few years, focusing on harnessing potential remittance flows.
 - Through the Improving Capacities to Leverage Migrant Remittances for Development programme in 2017, a sample survey of 1,200 households in six districts of the country 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 of practices at financial institutions was also completed.
 - For the ACP-EU⁶ Project in Ghana in 2018–2019, a remittance policy recommendation and strategy paper was drafted (publication forthcoming) 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 and academic institutions in Ghana, promoting greater knowledge of remittances in the country. A workshop in February 2019 brought together the private sector and development professionals to discuss how to reduce transfer costs and increase remittance flows to Ghana.
 - The UNCDF recently launched **Boosting Green Employment and Enterprise Opportunities in Ghana** (GrEEEn), a 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 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 targeting (i) youth, women and returnees benefiting from cash-for-work schemes; and (ii) local communities and micro, small and medium enterprises, will be leveraged to increase access to, and usage of, financial services.

PRIORITY POLICY ACTIONS

C.1 Develop ways to extend the RGF initiatives by building on lessons learned.

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

6/ Africa, Caribbean and the Pacific–European Union.

8. Recommendations

Table 6. Summary of recommendations

Main objectives		Respond to COVID-19 pandemic	Accelerate digitization	Reduce costs	Increase and deepen financial inclusion	Moving informal to formal
Theme	Recommendation	Objectives met				
A Coordination	Leverage the NRSN to create a community of practice to coordinate, implement and review the Ghanaian remittance landscape.	■	■	■	■	■
B Data	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 the COVID-19 pandemic on the marketplace.	■	■	■	■	■
C Digitalization – innovation and technology	Encourage innovation in the remittances and payments market.	■	■	■	■	■
D Enabling environment – rural access	Increase network access in rural communities.	■	■	■	■	■
E Enabling environment – payment system infrastructure	Permit inbound international remittances to be terminated onto all domestic payment systems.	□	■	■	■	■
F Enabling environment – AML/CFT	Investigate the development of guidance on aligning current KYC and 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).	□	■	■	■	■
G Remittance-related product awareness and education	Develop a financial education and awareness programme to raise awareness of digital international remittances services and products in both the send and receive markets.	■	■	■	■	■
H Enabling environment – outbound remittances	Address restrictions around outbound transactions, especially intra-African remittance flows.	■	□	■	■	■

A. Leverage the National Remittance Stakeholder Network (NRSN) to create a community of practice (CoP) to coordinate, implement and review improvements of the Ghanaian remittance landscape

Theme: **Coordination**

Objectives met:



Rationale

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

Actions	Activities
A.1 Develop the National Remittance Task Force into a working group that can continue to address remittances and financial inclusion from various sectors.	<p>A.1.1 Divide working group stakeholders according to the key recommendations developed from the NRTF.</p> <p>A.1.2 Provide regular updates to remittance stakeholders in Ghana.</p> <p>A.1.3 Periodic meetings across groups to ensure synergy at all levels.</p>
A.2 Ensure coordination and communication exercises between the various stakeholders and projects across the country.	A.2.1 Align objectives to other national strategies to avoid duplication.

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 contribute to increasing financial inclusion across the country and lowering the cost of remittances.

B. Review existing remittance data collection to make data more disaggregated, facilitating in-depth analysis and better market intelligence, particularly in light of the impact of the COVID-19 pandemic on the marketplace

Theme: **Data**

Objectives met:



Rationale

- The Bank of Ghana collects data on remittances on an annual basis, but at present it is not clear whether existing frameworks are able to provide quality market intelligence.
- Without timely, accurate and useful data, it is difficult to make good policy or business decisions.
- In response to the COVID-19 pandemic, the Bank of Ghana put in place measures, such as; digital transaction fee waivers; remote e-wallet opening with minimum KYC; and increased transaction allowances. The impact of these measures should be reviewed to assess whether they should become permanent.
- Lessons from Ghana could be helpful for other countries.

Actions	Activities
B.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 the size of business opportunities for the main corridors. Ensure data includes detail on corridors and methods used and that it is collected from all licensed businesses. Disseminate the data collected to all stakeholders.	B.1.1 Develop automated data collection processes. B.1.2 Develop and integrate data analysis and management tools. B.1.3 Agree with all operators in the market on data collection processes and formats. 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 knowledge on the use of remittances among financially excluded groups through dedicated studies and by integrating international remittance items in nationally representative surveys like FinScope and Findex.	B.2.1 Conduct 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 and 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

- Arrange to measure the impact of the COVID-19 pandemic, for instance the impact of KYC changes, or changes in the volume of remittances.
- Provide evidence to drive policy development including profiling customer risk.
- Enable private sector businesses to determine evidence-based product development and market entry.
- Determine if the changes helped create increased access and enhanced financial inclusion.

C. Encourage innovation in the remittance and payments market

Theme: **Digitalization – innovation and technology**

Objectives met:



Rationale

- The policy agenda to leverage remittances so as to encourage the use of payment system platforms and services, including the recently released NFIDS.
- The National Financial Inclusion and Development Strategy 2018–2023 calls for policy actions in this area. Some examples of the most relevant actions include: (i) 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); and (ii) increase competition between RSPs to lower costs by authorizing regulated and sound MTOs and digital remittance channels.
- Mobile money is the most used digital payment instrument in both volume and value domestically, and the cash-in/cash-out (CICO) agent network is widely present across the country.
- Private stakeholders are already innovating in the market through the RGF and further work and initiatives can lead to the development of remittance products alongside financial education development and provision.

Actions	Activities
C.1 Catalyse resources to scale up or mainstream initiatives such as the RGF by building on lessons learned.	C.1.1 Funding and technical assistance to extend current remittance innovation initiatives.
C.2 Support the extension of corridor-specific players or fintech models that propose particularly aggressive pricing.	C.2.1 Create an innovation fund. Areas for innovation can include: remittance-linked products; remittance products serving both ends of remittance corridors; and improving the customer experience. C.2.2 Call for proposals.
C.3 Promote digital channels and support the customer journey to switch in order to overcome cash stickiness.	C.3.1 Develop awareness campaigns to highlight the benefits of digital channels. C.3.2 Explore the use of consumer incentives for using digital remittance channels.
C.4 IMTOs should work closer with fintechs to leverage inbound remittances as a tool for financial inclusion.	C.4.1 Develop consumer research as a public good to encourage development of customer-driven solutions.
C.5 Implement steps to ensure all IMTOs comply with the Bank of Ghana foreign exchange rate requirements or remove them.	
C.6 Understand what remittance senders and receivers want and would benefit from to inform new product development and customer risk-profiling.	C.6.1 Develop client-centric research with people considering migration, diaspora members or with remittance beneficiaries to provide insights into product development. C.6.2 Map areas of migration by corridors to facilitate targeted awareness campaigns and marketing.

Benefits

- Increase competition in the market.
- Foster the adoption of digital remittance products.
- Lower costs through efficiency.

D. Increase network access in rural communities

Theme: **Enabling environment – rural access**

Objectives met:



Rationale

- In Ghana, 44 per cent of the population lives in rural areas.
- Access points for remittance services and domestic payments are concentrated in most populated areas of the country, especially the south and centre.
- There is an opportunity to leverage mobile money agent networks to provide increased access and increased adoption of digital financial services.

Actions

D.1 Foster inbound remittances payout via mobile money.

Activities

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 payout 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 that makes it easier for receivers to obtain their funds.
- Increased remittance flows through digital channels, which should be lower cost than cash-based channels.

E. Permit inbound international remittances to be completed on all domestic payment systems

Theme: **Enabling environment – payment system infrastructure**

Objectives met:



Rationale

- Currently it is not possible to complete an inbound remittance transaction on every component of the domestic payment system.
- Interoperability is not currently being leveraged at its full potential.
- The 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 poor and hard-to-reach populations during the COVID-19 pandemic;
 - universal – can be used at any bank or agent in Ghana;
 - minimal KYC and biometric requirements;
 - fully interoperable with banks and mobile money; and
 - can be used offline.

Actions	Activities
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 A memorandum of understanding should be reached between the Postal Regulatory Authority and Bank of Ghana on postal remittances, 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 an exploratory workshop with RSPs to understand challenges around bank account settlement of remittances.

Benefits

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

F. Consider developing guidance on aligning current KYC, CDD identity frameworks to key innovations to enhance remittance flows and access for remittance providers in Ghana

Theme: **Enabling environment – AML/CFT**

Objectives met:



Rationale

- 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 the Financial Action Task Force regulations.
- This is restricting access to formal remittance services and to opening accounts (bank and digital).

Actions

Activities

F.1 Strengthen ID digitalization and virtual addressing, and implement further proportionate KYC requirements to foster access to 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 to ensure they are proportionate to risks in the market.

F.2 Bank of Ghana and other key stakeholders in Ghana, the regulators in main send markets (FCA in the United Kingdom, relevant state regulators in the United States [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 Numbers 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 bank verification numbers.

Benefits

- Provide clarity to market participants.
- Enable currently excluded communities to obtain access to formal financial services.

G. Develop a financial education programme to raise awareness of digital international remittances services

Theme: **Remittance-related product awareness and education**

Objectives met:



Rationale

- Promoting the sending of digital remittances in response to COVID-19 restrictions, showing people how to use the service and building trust has been valuable.
- Providing information about services for 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.

Actions	Activities
G.1 Promote digital channels and support the customer journey to overcome cash stickiness and switch to digital.	G.1.1 Develop awareness 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.
G.2 RSPs 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 receiving end.	G.2.1 Develop guidelines on remittance total cost disclosure for RSPs.
G.3 Consumer protection regulations, particularly in the areas of disclosure of fees, should be extended to include international remittances, both inward and outbound.	G.3.1 Funding and technical assistance on developing remittance consumer protection regulations.

Benefits

- Helps increase the use of digital services.
- Can assist with reducing remittance costs because digital services are cheaper than cash-based ones.
- Can help improve financial inclusion when funds are credited to a digital wallet.

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

Theme: **Enabling environment – outbound remittances**

Objectives met:



Rationale

- There are currently major restrictions on being able to send remittances from Ghana.
- They can only be sent through a bank and there are only three banks that are authorized to offer low-value outbound remittances transactions to other African markets: Ecobank, UBA and Access Bank.
- These restrictions are constraining the market (for example, MMOs in other countries are unwilling to provide cross-border remittance services because the service is not reciprocated in Ghana).
- The current situation encourages informal remittance transactions.
- Operators have expressed interest in exploring outbound remittances and have noted customer interest.

Actions	Activities
H.1 Assess the risks and benefits of opening the outbound market to NBFIs offering ordinary customers formal products in order to compete with informal players, within certain limitations.	H.1.1 Establish a core team and working group to examine the issue. H.1.2 Undertake an initial cross-benefit study to assess demand and identify risks. H.1.3 Depending on the outcomes of the cost-benefit analysis, develop a pilot and, where necessary, undertake regulatory changes.
H.2 Enhance data collection.	H.2.1 Conduct surveys on informal flows, to better assess their real magnitude and the business opportunities existing in the main corridors.

Benefits

- Increase in remittance flows in the market.
- Use of the formal market encouraged.
- Competition increased both domestically and regionally.

About the authors



International Fund for Agricultural Development (IFAD)

IFAD is a specialized agency of the United Nations and an international financial institution, with the mandate to invest in rural people to eradicate poverty in low- and middle-income countries.



Financing Facility for Remittances (FFR)

IFAD's US\$65 million multi-donor Financing Facility for Remittances aims at maximizing the impact of remittances on development and promoting diaspora engagement in migrants' countries of origin.

For more information, visit: www.ifad.org | www.ifad.org/ffr | www.RemitSCOPE.org



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Headquartered in central London with a regional office in Sydney, DMAG is a leading payments consultancy engaged by both the public and private sector to deliver projects around the world. Since the company was founded in 2007, it has grown to 20 full-time staff, with a global network of research and support staff of a further 60 people. DMAG's core competencies include:

- Remittances and payment systems
- Financial inclusion and access
- Diaspora investment and diaspora related affairs

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About the initiative



Platform for Remittances, Investments and Migrants' Entrepreneurship in Africa (PRIME Africa)

PRIME Africa is a EUR 15 million initiative co-financed by the European Union and implemented by IFAD's FFR, aimed at improving the management of remittances and their use for development impact in selected African countries.






For more information, visit: www.ifad.org/prime-africa

Read the other PRIME Africa country diagnostics:

1. Cabo Verde
2. Ethiopia
- 3. Ghana**
4. Kenya
5. Morocco [ENG/FRE]
6. Senegal [ENG/FRE]
7. South Africa
8. The Gambia
9. Uganda



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