

# Programme for Sustainable Development (PSED) in Ghana

## Financial Systems Development (FSD)

### The challenge

Adequate access to financial services is a precondition for sustainable economic development and inclusive growth. In Ghana, however, large parts of the population remain excluded from formal financial services such as loans, savings and insurance. Despite the significant progress that has been made in financial inclusion in recent years, various challenges on the demand- and supply-side continue to hamper the uptake of financial services by low-income households and micro, small and medium-sized enterprises (MSMEs).

### Objective

The Financial Systems Development (FSD) component of the Programme for Sustainable Economic Development (PSED) aims at increasing the use of innovative and demand-led financial services by low-income households and MSMEs.

### Our approach

In an interlinked manner, we support the development of microfinance and insurance in Ghana. Following a multi-stakeholder approach, the programme works closely with the Ministry of Finance (MoF) and the respective supervisory and regulatory bodies - the Bank of Ghana (BoG) and the National Insurance Commission (NIC) - to develop an enabling environment for the two sectors. Our approach focuses on the following 4 areas:

**Regulation and Supervision:** The two regulatory bodies (BoG, NIC) are currently utilising GIZ's advisory services to establish an enhanced regulatory framework for the microfinance and insurance sectors. Furthermore, a set of measures to sensitize the industry for the new framework conditions is being implemented. Through capacity development measures, PSED/FSD is supporting NIC and BoG to successfully fulfil their respective supervisory roles.

**Consumer Protection and Financial Education:** PSED/FSD is promoting consumer protection and financial literacy among low-income households. To achieve this, it is supporting the

establishment of a multi-level complaints management systems in the two target sectors. Furthermore, activities of the Insurance Awareness Coordinators Group (IACG), an existing task group that focuses on promoting insurance awareness and financial education, are being strengthened. Besides that, the FSD component supports the development of consumer protection regulations for the digital finance ecosystem.

Project name	Sustainable Economic Development in Ghana (PSED)
Component	Financial Systems Development (FSD)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Ghana (country-wide)
Lead executing agencies	Ministry of Finance (MoF), Bank of Ghana (BoG), National Insurance Commission (NIC)
Duration	April 2016 – September 2019

**Product and Service Development:** The Unit supports Microfinance Institutions (MFIs) and Insurance providers to expand and improve their product and service portfolio to serve the needs of low-income households and MSMEs. This involves activities to facilitate market research and the development of innovative and needs-based products and services to increase outreach.

**Technical and Training Capacity Development:** To facilitate access to training opportunities and address technical priority issues in the financial sector, the programme enables training providers to expand their training portfolio in a demand-based and sustainable manner. Within insurance the unit collaborates with local partners such as the Ghana Insurance College (GIC), the Ghana Insurers Association (GIA), the Actuarial Society of Ghana (ASG), other insurers and intermediaries as well international experts to make knowledge available to the industry. FSD also works closely with microfinance associations to provide trainings to their members.



L. Conducting survey with a market woman  
R. Training with a partner organisation



Christian Widmann

Head of Programme

T +233 302 760 448

M +233 244 311 293

E christian.widmann@giz.de

*L. Microinsurance sensitization in Central Ghana**R. Handing over of motor bikes to Microfinance advisors in Northern Ghana*

## Achievements

### Sound Supervisory and Regulatory Framework Developments within the Microfinance and Insurance Industries

Through the project's support, the NIC has developed a new draft legal and regulatory framework for the insurance industry which is largely compliant with the International Insurance Standards. Within the microfinance sector, PSED/FSD has supported the BoG in developing microfinance business rules to help guide the operation of MFIs and increase stability and consumer confidence in the sector. The Unit has also supported the development of two consumer protection guidelines in the area of credit product transparency and complaint resolution mechanisms to help protect consumer interest in the banking sector.

### Enhanced capacities amongst the Regulatory and Supervisory Bodies

Through the project's support, the Insurance Supervisor (NIC) has built its capacity to modify the supervisory software VIZOR to meet constant changes in the structure of prudential returns. To improve supervision of the microfinance sector, the project has supported the BoG with an Off-Site Electronic Surveillance System (OOESS) for the off-site examination of MFIs. Furthermore, it is continuously building the supervisory capacities of the Tier 4 Microfinance Associations to enable them to fulfil the supervisory mandate assigned to them by BoG.

### Enhanced capacities amongst Microfinance and Insurance Practitioners

The project is supporting Microfinance Associations to establish appropriate managerial structures to be able to monitor their members and provide them with needed support for efficient operations. Within the insurance industry, actuarial and insurance practitioners have received industry-wide trainings to increase innovation and market penetration. Amongst others, the project has supported the successful launch of a nationwide re-training program for insurance agents aimed at deepening insurance awareness and penetration by upgrading agents' skill sets and knowledge.

### Expansion of product and service portfolio through innovative delivery channels

The project has supported insurers and intermediaries to develop innovative products that meet the needs of the underserved population.

### Increase knowledge and enhance trust in Microfinance and Insurance services

The project has supported the Insurance Awareness Coordinators Group (IACG) in the coordination and implementation of awareness creation and education measures within the insurance industry. So far, IACG has conducted outreaches within universities, churches and rural communities. Furthermore, PSED/FSD has supported the insurance industry in implementing a nation-wide radio sensitization campaign to raise awareness for consumer protection in insurance.

## Published by

Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH  
  
Registered offices Bonn and Eschborn, Germany

Sustainable Economic Development Programme (PSED)  
GIZ Office  
7 Volta Street  
Airport Residential Area  
Accra – Ghana  
F + 233 302 760 448  
www.giz.de/ghana

## Author(s)

Sinja Bahler

## As at

April 2018

GIZ is responsible for the content of this publication.

## In cooperation with

Ministry of Finance (MoF)  
National Insurance Commission (NIC)  
Bank of Ghana (BoG)

## On behalf of

Federal Ministry for Economic  
Cooperation and Development (BMZ)

## Division

West Africa II (202)

Addresses of  
the BMZ offices

BMZ Bonn  
Dahlmannstraße 4  
53113 Bonn, Germany  
T +49 (0)228 99 535-0  
F +49 (0)228 99 535-3500

BMZ Berlin  
Stresemannstraße 94  
10963 Berlin, Germany  
T +49 (0)30 18 535-0  
F +49 (0)30 18 535-2501

poststelle@bmz.bund.de  
www.bmz.de