

Government of Ghana



Ministry of Finance

KEYNOTE ADDRESS:

LAUNCH OF THE NATIONAL FINANCIAL EDUCATION CAMPAIGN
PROGRAM

5TH APRIL 2023

**The Coordinating Directors,
Directors of the Ministry of Finance,
Heads of the Financial Sector Regulatory Institutions,
The Country Director, World Bank
FEMCOM Members;
Invited Guests,
Members of the Press,
Distinguished Ladies and Gentlemen.**

Good morning.

1. It is with great pleasure joining you today for the official launch of the National Financial Education Campaign. I would like to first of all, commend the immense contributions of the Financial Education Multi-Stakeholder Committee (FEMCOM) in designing this all important education campaign. Indeed the Committee's representation i.e. the Ministry of Finance, Bank of Ghana, Securities and Exchange Commission, National Insurance Commission, National Pensions Regulatory Authority, Ghana Deposit Protection Corporation, Ghana Microfinance Institutions Network, Ghana Association of Savings and Loans Companies, Micro Credit Association of Ghana, Co-operative Credit Unions Association and other industry associations, demonstrate the vast commitment by all stakeholders to deepen financial inclusion in Ghana.

2. My deep gratitude also goes to the World Bank for their continuous support to the development of the Ghanaian economy and in particular, for sponsoring the design and roll-out of the National Financial Education Campaign. This campaign aims at bolstering the capacity of Ghanaians to make informed financial decisions.

Ghana's Financial Inclusion Journey

3. Ladies and gentlemen, it is important to note that Ghana's financial inclusion journey started in 2010 when a FinScope Survey was conducted. This survey estimated Ghana's financial inclusion rate at 41 percent which subsequently increased to 58 percent in 2015 according to the Financial Inclusion Insight Survey.

4. Further, Government developed the National Financial Inclusion and Development Strategy (NFIDS) which sought to increase financial inclusion from

58 percent to 85 percent by 2023. The NFIDS is organized in five mutually reinforcing pillars of financial sector development namely financial stability; access, quality and usage of financial services; financial infrastructure; financial consumer protection; and financial capability.

Importance of Financial Education

5. Ladies and gentlemen, the 2023 Financial Education Campaign is anchored on these priority pillars. The 5th pillar bolstering financial capability, highlights the need to increase financial education on consumer awareness and understanding of financial products to enhance consumers' ability to manage their finances. Government recognizes that, informed customers help create a more competitive and efficient market.

6. Indeed, financial capability of consumers is a major component to building a strong and resilient economy. Without this, many people will resort to the old and unsecured ways of handling monies, such as keeping monies under pillows and mattresses. Apart from the fact that these are unsafe methods of keeping money, these behaviors also deprive the financial sector of access to excess liquidity from individuals, households and business for economic development.

7. Financial incapability of Ghanaians has been identified as one of the contributing factors to the recent financial sector crisis that led to the lock-up of funds of many depositors and investors. Government spent over GHS25 billion of public funds to clean-up the sector and to bailout customers whose funds were locked-up with the defunct institutions.

8. Ladies and Gentlemen, despite the clean-up exercise, many financial consumers continue to use financial products and services without understanding the risks associated with these products nor the benefits thereof. The lack of deliberate financial literacy programs to educate Ghanaians on the operations of the financial sector, identification of Ponzi schemes and other illegal/fraudulent investment schemes are some of the many reasons why a vast majority of Ghanaians remain vulnerable to financial fraud.

9. Distinguished invited guests, the Ministry of Finance as part of the design of the financial education campaign conducted a preliminary assessment of Ghana's financial literacy education landscape in 2021. The assessment which aimed to identify financial literacy gaps among citizens, revealed that, the average financial literacy score in the country is 12 out of a total score of 21. This

indicates that, many Ghanaians lack the basic understanding on key financial issues such as the impact of inflation on the value of their money, computation of interest on loans and investments, awareness and use of financial products and services, among others. These make it difficult for them to make any informed financial decision.

10. It was also revealed that, between 19% and 32% (an average of about 28%) of Ghanaians follow trends in the financial sector. This implies that about 72% (on average) of the population do not follow trends in the financial sector and as such, have no idea of developments in the sector. This shows the lack of interest by people in the management of their personal finances. They rather would prefer to shift their financial responsibilities to others.

11. Further to this, people make buying decisions based on financial products and services advertisements on radio and TV. In view of this, I would like to take this opportunity to appeal to colleagues in the media to take deliberate steps to validate financial institutions before advertising their products.

Safeguarding the Financial Sector

12. Ladies and gentlemen, despite the impact of the Covid-19 pandemic, the Russia-Ukraine war and the domestic debt exchange program, the Ghanaian financial sector remains resilient. This is testament to the financial sector restructuring exercise undertaken by the Government. The Monetary Policy Committee in their latest release revealed that, the Banking industry remains relatively stable despite recording some losses from the Domestic Debt Exchange Program (DDEP).

13. However, to further strengthen the sector and provide a stability back-stop to the industry, Government in collaboration with the financial sector regulators is working on the Ghana Financial Stability Fund. This is a standby liquidity and solvency financing mechanism to help mitigate the potential impact of Government's debt operation on the financial sector. The fund will provide temporal liquidity and solvency support to licensed financial institutions that may face liquidity and solvency challenges arising from their participation in the DDEP. This will provide further support to the financial institutions in addition to the various regulatory forbearances provided by their respective regulators.

The Financial Education Campaign

14. Ladies and gentlemen, I have learnt that the structure of the financial education campaign is very comprehensive. It is designed to allow for radio and TV discussions, public fora, townhall engagements, and social media campaign. Different educational materials have been developed and translated from English into eleven (11) local languages, namely, Ga, Akwapim Twi, Asante Twi, Ewe, Sefwi, Nzema, Dagomba, Dagaare, Kusaal, Mamprugu and Gonja.

15. The Campaign will be conducted in the 16 regions of Ghana and predominantly targets the informal sector and youth groups.

Conclusion

16. To conclude, the current development in the economy and the financial sector gives more credence to the need for a timely and a comprehensive financial education program that addresses noticeable issues in the financial sector. That is why the Government in collaboration with the financial sector regulators and industry associations is implementing the National Financial Education Campaign to bolster the financial capability of Ghanaians.

17. On this note I formally declare the National Financial Education Campaign **duly Launched.**

18. Thank you.