

# BANK OF GHANA

## NOTICE TO THE BANKS AND THE GENERAL PUBLIC

### NOTICE NO. BG/GOV/SEC/2017/19

#### NEW MINIMUM PAID UP CAPITAL

The Bank of Ghana announces a new minimum capital requirement, as part of a holistic financial sector reform plan to further develop, strengthen, and modernize the financial sector to support the government's economic vision and transformational agenda.

As a first step, the Bank revoked the licenses of two insolvent banks to ring-fence a potential spillover threat to the rest of the financial sector and also to prepare the grounds for other reforms. At the same time, the Bank of Ghana has agreed with identified banks, a roadmap for recapitalization in accordance with the capital restoration plans stipulated by the Bank and Specialised Deposit Institutions Act, 2016 (Act 930).

Looking ahead, banks would require a more sophisticated and robust capital framework, adequate to transform the banking sector and consistent with the growing risks, levels of sophistication and exposure banks are currently facing.

In line with the above, and in accordance with Section 28 (1) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank of Ghana announces for the information of Banks and the general public that it has revised upward the minimum paid up capital for **existing banks** and **new entrants** from GH¢120,000,000.00 (One Hundred and Twenty Million Ghana Cedis) to a new level of **GH¢400,000,000.00 (Four Hundred Million Ghana Cedis)** effective Monday, September 11, 2017 under the following conditions:

1. Banks would be required to meet the required minimum capital through
  - a) Fresh capital injection.
  - b) Capitalization of income surplus.
  - c) A combination of fresh capital injection and capitalization of income surplus.
2. Banks are not allowed to capitalize revaluation reserves, reserves on financial instruments through other comprehensive income, statutory reserves, credit risk reserves and unaudited profit.

3. All existing banks have up to December 31, 2018 to meet the new minimum paid up capital requirement under the criteria indicated below;
  - a) Maintain a minimum unimpaired paid up capital as per Section 28 (1) and (3) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) of GH¢400,000,000.00 by end of December 2018.
  - b) In computing impairment of paid up capital, all banks are reminded that, in addition to the provisions in Section 28 (3) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), losses shall not be set off against credit risk reserve and unaudited profit but shall be adjusted with unaudited losses.
  - c) All banks which have been granted “Approval in Principle” shall comply with the new minimum capital levels by the end of December 2018.
  - d) All pending applications for banking licence i.e. without “Approval in Principle” are required to meet the new minimum capital requirement of GH¢400,000,000.00 and the feasibility reports accompanying such applications are to be amended accordingly.
4. Non-compliance with the new minimum paid up capital requirement shall be dealt with in accordance with section 33 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930).

All banks and prospective applicants for banking license should take note and be guided accordingly.

(Sgd.)

**CAROLINE OTOO (MRS)**  
**THE SECRETARY**

11<sup>th</sup> September 2017