

COLLATERAL REGISTRY GHANA

Frequently Asked Questions?

1. What is Collateral Registry?

The Collateral Registry is a body created by the Government of Ghana under the Borrowers and Lenders Act 2008 [Act 773] to, among others, record all registration of charges/collaterals pledged by borrowers to secure credit facilities provided by lenders.

2. What is a collateral?

A Collateral is an asset/property [be it movable or immovable] pledged by a borrower to secure a loan or other credit.

3. What are the functions of the Collateral Registry?

- Registers charges/collateral[s] created by borrowers on both movable and immovable properties to secure credit facilities provided by lenders.
- Provides an avenue for searches to be conducted on the database of the Registry to ascertain if there are prior security interests in the properties pledged by the borrowers for credit.
- Assists in speeding up realisation or foreclosure of collaterals upon default by a borrower.

4. Who are the users of the Collateral Registry?

They include individuals, organisations, universal banks, rural banks, finance houses, savings and loans companies, licensed money lenders and microfinance institutions, and other third parties i.e. legal firms on behalf of their clients.

5. What are the main operations of the Collateral Registry?

The two basic units of the Registry carry out the following operations:-

- Registration of Charges and Collateral[s]
- Processing of Discharges
- Honouring of Search Requests
- Processing of Realization Requests

6. Can I file registrations on all charges I have created at the Registry?

No, only charges created on collaterals from **February 1, 2010** can be registered at the Registry.

7. What is the minimum credit amount that can be registered?

A charge created and covering an amount of **GH¢500.00 [Five hundred Ghana Cedis]** and above is eligible and shall be registered with the Registry.

8. What are the prescribed fees for the Registry's services?

Registrations – **GHS 10.00**, Searches – **GHS 5.00**, Renewals – **GHS5.00**

9. What are the benefits of patronizing the services of the Collateral Registry?

- The Registry has improved access to credit and has given SME's the opportunity to use their movable assets as collateral to access finance for growth. From the farmer, pledging his cows as collateral for a tractor loan, to the seller of goods or services pledging his stock of inventory or expected receivables as collateral and not only landed property.
- The establishment of the Ghana Collateral Registry has improved significantly the mechanism for enforcing credit agreements, where one need not avail oneself of the court to realize collateral[s] in cases of default.

- An avenue has also been created to enable searches to be conducted to ascertain whether an asset such as land, building, vehicle etc. being sold or presented as collateral has been used to secure a loan from a financial institution or not.
- There is also clarity and precision in the application of priority rules; where it operates on first come first served basis.
- Lending has become less risky since lenders have collateral to fall on when a borrower defaults in payment.
- Once lending becomes less risky, interest rates on lending are expected to decline which will lead to more credit to SMEs and greatly improve the act of doing business in Ghana.