

Ghana Reference Rate for May, 2018: 16.74%

The Bank of Ghana in consultation with the Ghana Association of Bankers reconstituted a Working Group to review the existing Base Rate model and develop a new framework for base rate determination. The objective of the review among others is to fulfil its commitment to move towards a more market based model of base rate setting, in the medium to long term.

The 'Base Rate' emanating from this model is now a Reference Rate rather than a Minimum Lending Rate for all banks as was the case with the previous model.

A bank shall price its Flexible and Fixed term loans by adding or subtracting its risk premium to the Ghana Reference Rate. Flexible or floating term loan for any tenure granted by a bank from the implementation period will reset after each month's publication of the GRR. Fixed term loan rates granted by a bank in its normal course of business from the implementation date will however run until maturity.