



Statement
by
Dr. Johnson Pandit Asiama
Governor, Bank of Ghana
Parliamentary Committee on Economy and Development
Parliament House | Monday, March 9, 2026 | 10:00am

Honourable Chairman,
Ranking Member,
Members of the Committee,
Ladies and gentlemen.

Good morning and thank you for the opportunity to appear before this Committee once again. I appreciate the continued engagement of Parliament on issues of monetary policy, financial stability, and the broader health of the Ghanaian economy.

Before my technical team presents the detailed Monetary Policy Report, allow me to provide some context for today's discussion. My remarks will focus on four areas: the economic conditions at the beginning of 2025, the policy measures undertaken by the Bank of Ghana, the macroeconomic and financial sector outcomes that have followed, and the financial implications of these policy actions for the Bank's financial position.

Initial Conditions at the Beginning of 2025

Honourable Members, when I assumed office as Governor in February 2025, the Ghanaian economy was emerging from one of the most challenging periods in recent history. The country had experienced a sovereign debt restructuring, sharp currency depreciation, and a surge in inflation. Although stabilisation efforts were already underway, the starting conditions remained fragile.

Inflation remained significantly elevated. Headline inflation ended 2024 at **23.8 percent**, well above the Bank's medium-term target band of **8 ± 2 percent**. Persistent inflation had eroded

household purchasing power, complicated business planning, and weakened confidence in the macroeconomic environment.

The foreign exchange market was also under pressure. The Ghanaian cedi depreciated by 24.8 percent in 2024, contributing to imported inflation and further undermining confidence.

The financial system was adjusting to the effects of the Domestic Debt Exchange Programme (DDEP). While the programme was necessary to restore debt sustainability, it placed pressure on the balance sheets of financial institutions and constrained lending activity. On the real sector side, growth remained subdued, private sector credit growth remained weak, and lending rates were high above 30 percent, constraining demand for credit.

The Bank of Ghana itself was also affected. The restructuring of government securities imposed a 50 percent haircut on the Bank's holding of government securities. In addition, there was mark-to-market losses on the back of rising yields on government securities. These contributed to a deterioration in the Bank's equity position. At the same time, the monetary environment was complicated by a large overhang of excess structural liquidity in the banking system. This liquidity weakened the transmission of monetary policy and allowed inflationary pressures to persist longer than expected.

In short, the Bank of Ghana entered 2025 with a clear but difficult mandate: to bring inflation down decisively, restore confidence in the exchange rate, and rebuild the foundations for durable macroeconomic stability, even if doing so required difficult and costly decisions in the near term.

The Policy Actions that were Taken

In response to these conditions, the Bank implemented a series of coordinated policy measures aimed at restoring stability and rebuilding confidence.

Maintaining a Tight Monetary Policy Stance

First, the Monetary Policy Committee maintained a tight monetary policy stance to contain inflation and anchor expectations. Policy settings were kept sufficiently restrictive to ensure that inflation would return gradually toward the target band.

The objective was not only to reduce current inflation but also to restore credibility in the Bank's commitment to price stability.

Addressing Excess Liquidity

Second, the Bank addressed the structural liquidity overhang in the financial system. Excess reserves held by commercial banks in the system meant that the policy rate did not fully transmit into market rates, banks had little incentive to compete aggressively for deposits or to price credit at levels consistent with the policy stance. The Bank of Ghana responded by significantly intensifying its open market operations. Through regular open market operations, the Bank absorbed excess reserves from the banking system in order to align market liquidity conditions with the policy stance. Specific actions taken were:

- Increased frequency and volume of OMO issuance throughout 2025
- Active sterilisation of foreign exchange intervention inflows to prevent re-liquification
- Stepped up coordination with the Ministry of Finance on government cash management to minimise unintended liquidity injections

Strengthening External Buffers and the Foreign Exchange Framework

The Bank also prioritised rebuilding Ghana's external buffers. International reserves were strengthened through improved export earnings, remittance inflows, and the Domestic Gold Purchase Programme, which supported reserve accumulation while diversifying the composition of Ghana's reserve assets.

In addition, the Bank introduced a new Foreign Exchange Operations Framework in November 2025 to enhance transparency and predictability in the foreign exchange market. The framework provides clearer rules for how the Bank intermediates foreign exchange flows and manages episodes of volatility, while preserving the role of market fundamentals in determining the exchange rate.

These measures were implemented alongside the broader macroeconomic reforms under the IMF-supported programme, reinforcing coordination between fiscal and monetary policy.

Reserve Diversification and Gold Portfolio Management

Within this broader strategy to strengthen Ghana's external buffers, the Bank also took steps to ensure that the composition of our reserves remained appropriately diversified and resilient.

Let me begin by making one point very clear: Ghana's gold reserves remain part of our national reserves; what changed as part of this measure was the composition of those reserves.

Over the past several years, the Bank of Ghana deliberately increased the role of gold within Ghana's international reserves through the Domestic Gold Purchase Programme. Prior to the launch of the programme in 2021, the Bank held approximately 8.7 tonnes of gold. Through sustained accumulation under the programme, gold holdings increased significantly, reaching over 40 tonnes by October 2025.

However, developments in global gold markets also had important implications for the composition of Ghana's reserves. Between January and October 2025 alone, global gold prices rose by approximately 62 percent, significantly increasing the value of the Bank's gold portfolio.

As a result of both increased accumulation and rising global prices, gold came to represent about 42 percent of Ghana's Gross International Reserves by October 2025. While gold remains an important reserve asset, such a high concentration in a single asset class introduces portfolio concentration risk for countries like Ghana.

International reserve management practices emphasise diversification. Data published by the World Gold Council, as well as guidance used in international reserve management frameworks referenced by institutions such as the IMF, indicate that countries at Ghana's level of development typically maintain around one-fifth of their reserves in gold as part of a diversified portfolio.

Maintaining an appropriate balance between gold and foreign currency assets is particularly important for countries such as Ghana. Unlike advanced economies whose currencies serve as global reserve assets and whose financial markets are deep and highly liquid, Ghana relies more directly on its international reserves to stabilise the foreign exchange market, finance essential imports, and respond to external shocks. For that reason, reserves must not only be valuable, but also liquid, diversified, and readily usable when needed.

In light of these considerations, the Bank undertook a measured portfolio rebalancing, converting a portion of its gold holdings into foreign exchange assets in order to restore a more balanced reserve composition.

It is important to emphasise four points.

- First, this action did not represent a loss of Ghana's national assets. The gold was converted into foreign exchange assets, which remain fully part of Ghana's international reserves.

- Second, central banks do not manage reserves with the objective of speculating on short-term price movements. Rather, reserve management focuses on maintaining an appropriate balance between liquidity, safety, and diversification so that the country's reserves remain resilient under changing market conditions.
- Third, this was not the first time the Bank has rebalanced its gold portfolio. Portfolio rebalancing is a standard practice in central bank reserve management and is undertaken periodically to maintain diversification, liquidity, and risk control.
- Finally, the foreign exchange gained from the transaction continue to be actively invested as part of the Bank's reserve portfolio, generating returns while preserving Ghana's external buffers.

In short, this was a strategic diversification measure designed to strengthen the resilience and usability of Ghana's international reserves, not a depletion of national assets.

Macroeconomic Outcomes

Honourable Members, the results of these efforts are now evident in the macroeconomic data. These outcomes demonstrate that the policy measures implemented during the stabilisation period are delivering the intended results.

- Inflation has declined sharply. Headline inflation fell from 23.8 percent in December 2024 to 5.4 percent by December 2025, and further to 3.3 percent in February 2026, one of the lowest readings recorded in recent history. This decline reflects both sustained monetary tightening and favourable base effects following the earlier inflation surge.
- The exchange rate has stabilised and recovered strongly. During 2025, the Ghanaian cedi appreciated significantly, reflecting improved macroeconomic fundamentals and renewed market confidence.
- Interest rates have begun to decline across the financial system as inflation expectations improved. The Monetary Policy Rate was reduced by 900 basis points during 2025, ending the year at 18 percent, easing borrowing conditions across the economy.

- External buffers have strengthened considerably. Gross international reserves increased to US\$13.8 billion by the end of 2025, providing approximately 5.7 months of import cover.
- Business and consumer confidence have also improved as macroeconomic stability has been restored. For ordinary Ghanaians, the real measure of success is simple: prices are stabilising, the cedi is steadier, and the economy is moving back toward normal.

Banking Sector Developments

Honourable Members, macroeconomic stability must ultimately be reflected in the strength of the domestic financial system.

The banking sector entered 2025 still adjusting to the effects of the Domestic Debt Exchange Programme. Capital buffers were under pressure, non-performing loans were elevated, and confidence required rebuilding. Through recapitalisation efforts and close supervisory engagement, the banking system has strengthened considerably. Capital adequacy improved to 17.5 percent, comfortably above the 13 percent regulatory minimum. Asset quality has also improved. The non-performing loan ratio declined from 21.8 percent to 18.9 percent, and banks now have a clear roadmap to reduce NPLs toward 10 percent by end-2026.

Confidence in the system is reflected in balance sheet expansion.

- Total assets increased from GHC368 billion to GHC447 billion.
- Deposits grew by nearly 18 percent, rising from GHC276 billion to GHC325 billion.

Liquidity remains strong, with liquid assets covering about 96 percent of deposits.

Credit activity is also recovering.

- Gross loans increased from GHC95 billion to GHC111 billion.
- Cumulative new loan disbursements increased from GHC80.95 billion in October 2025 to GHC104.17 billion by December.

Nominal private sector credit growth accelerated to over 19 percent, while real credit growth rose to about 13 percent, compared with 2 percent the previous year.

Taken together, these indicators show that the banking system today is liquid, solvent, and profitable, and increasingly positioned to support Ghana's economic recovery. Put simply, a

stronger banking system means more credit flowing into the economy, where jobs and growth are created.

Financial Implications for the Bank of Ghana

Honourable Members, in the interest of transparency and accountability to Parliament, it is also important to discuss the financial implications of these stabilisation efforts for the Bank of Ghana. Central banks often incur financial costs when implementing policies necessary to restore macroeconomic stability. The financial effects that will be reflected in the Bank's accounts are the **accounting counterpart of the stabilisation benefits now being realised across the Ghanaian economy.**

Lower inflation, exchange rate stability, and improved macroeconomic confidence have delivered significant benefits to households, businesses, and government. These outcomes were achieved through policy actions that inevitably carry financial consequences for the central bank. Several factors therefore contribute to the financial outcomes that will be reflected in the Bank's 2025 financial statements:

- **First**, the restructuring of government securities under the Domestic Debt Exchange Programme reduced the income-generating capacity of the Bank's asset portfolio and contributed to the deterioration in its capital position.
- **Second**, the intensified open market operations required to absorb excess liquidity resulted in higher interest expenses during the period of tight monetary policy. When the central bank absorbs excess liquidity from the banking system, it pays interest on the instruments used to temporarily hold those funds. As policy interest rates remained elevated during the stabilisation period, the cost of these liquidity management operations naturally increased, going from 8.6 billion in 2024 to roughly GH¢ 17 billion at the end of 2025. However, these operations were essential to restore the effectiveness of monetary policy transmission and to contain inflationary pressures.
- **Third**, the expansion of the Domestic Gold Purchase Programme involved operational costs. A significant component of these costs arises from the exchange-rate differential embedded in the transaction process. Gold is purchased domestically at market exchange rates but recorded at the Bank of Ghana reference rate for accounting purposes, generating an accounting cost in the Bank's financial statements.

- **Finally**, the appreciation of the cedi during 2025 produced valuation effects on foreign currency assets. When the domestic currency strengthens, the cedi value of foreign-denominated assets declines, and this translation effect appears in the Bank's accounts as an accounting valuation loss.

Importantly, these financial outcomes do not affect the Bank of Ghana's ability to conduct monetary policy or fulfil its mandate.

Measures to Strengthen the Bank's Financial Position

Several factors are expected to support a gradual strengthening of the Bank's financial position over the medium term.

- The Bank's income position is expected to improve as its **earning assets gradually reprice over time**. As domestic securities and foreign reserve assets mature and are replaced, they will be reinvested at prevailing market yields. This natural portfolio turnover will support a gradual recovery in investment income.
- Enhancements in **reserve asset management** are expected to support stronger investment income over time. As global interest rate conditions evolve and the Bank's reserve portfolio is actively managed, returns on foreign assets are expected to improve, strengthening the Bank's income position.
- In addition, the cost pressures associated with **liquidity management operations** are expected to ease as macroeconomic conditions stabilise. As inflation declines and policy interest rates gradually normalise, the interest expense associated with absorbing excess liquidity in the banking system will also decline naturally.
- The cost structure of the **Domestic Gold Purchase Programme** has already been reduced, and these improvements are expected to flow through more fully to the Bank's financial position in 2026 and beyond. As the programme has evolved into an important national initiative supporting reserve accumulation and external stability, the Government of Ghana will also partner with the Bank in carrying a portion of the associated costs going forward.
- Also, **as exchange rate conditions stabilise**, the gap between market exchange rates and the Bank of Ghana reference rate, which contributes to the accounting cost of

domestic gold purchases, is expected to narrow, further reducing the associated financial impact.

- Similarly, greater stability in the exchange rate environment will help **limit large valuation swings** on the Bank's foreign currency assets. While exchange rate movements can produce accounting valuation effects in the Bank's financial statements, a more stable exchange rate environment helps reduce the magnitude of such effects over time.

Taken together, these measures are expected to progressively improve the Bank's financial position over the medium term.

Conclusion

Honourable Chairman, Honourable Members, the results of these efforts are now visible in the data. Inflation has fallen sharply from above 23 percent to 3.3 percent today, one of the lowest readings recorded in recent history. The exchange rate has stabilised, credit growth is recovering, and the banking system remains resilient.

For ordinary Ghanaians, the real measure of this progress is simple: prices are stabilising, the cedi is steadier, and the economy is moving back toward normal. These outcomes reflect the deliberate policy actions taken to restore stability to the Ghanaian economy.

Looking ahead, the outlook remains encouraging. Lower inflation, stronger external buffers, and improving financial sector conditions provide a solid foundation for sustained economic recovery. At the same time, we remain mindful of risks in the global environment, including shifts in financial conditions and commodity price volatility. The Bank of Ghana will therefore continue to pursue a prudent, disciplined, and data-driven approach to monetary policy.

Honourable Chairman and Members, I thank you for your attention and look forward to your questions.