

the Quick EDITION

The Pan-African

Choose Pan-African, Choose greater strength

a reliable
mobile banking
service launched

Pan-African

Savings & Loans

Powered by

Ecobank

Microfinance

as quick as light !

Pan-African Savings & Loans ...the leader in microfinance in Africa

OUR CORE VALUES

Our Vision & Mission



•PROFESSIONALISM

We constantly challenge ourselves to higher levels of performance using our skills and competence to achieve greater impact and efficiency.

•ACCOUNTABILITY

Acting consistently with Pan-African's mission, being honest and transparent in what we do and say, and accepting responsibility for our collective and individual actions.

•SERVICE

Working together effectively to serve our customers

•LISTEN & SHOW RESPECT

Listening attentively to all customers & staff and valuing their ideas & views

•Vision

To be the leader in microfinance in Africa

•Mission

Provide financial services to the low income, under-banked and un-banked population through the most convenient channels

•EDITORIAL TEAM

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Editor's Notes

We welcome you to the second edition of Pan-African Savings and Loans Company Limited's newsletter. This is a bi-annual publication that highlight our brand with regards to our product offerings, our achievements, our clients and staff recognition initiatives. Our newsletters are aimed at shedding more light on our corporate social responsibility activities, health related issues and provide updates on

economic indicators as well as market trends.

This edition is dedicated to our mobile banking service, Quick. Pan-African continues to create convenience through the use of technology and it recently launched "Quick", a mobile banking service. Quick is a USSD enabled platform that enables anyone with access to a mobile phone and mobile connectivity in Ghana to open accounts and save conveniently via their mobile phones. One only needs to dial *777# to get started. This service allows the customer and potential

customers to easily deposit and withdraw money from their accounts through their mobile wallets; purchase airtime; pay bills; transfer funds to other Pan-African accounts; access micro loans; check account balance and request for cheque books and mini statements.

We sincerely hope you will enjoy reading The Pan-African, Quick Edition and take this opportunity to extend our gratitude to our clients and partners for their role in achieving the success we enjoy today.

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reasons to be a PAN-AFRICAN

Parented by Ecobank, that's our story

Accountable and established; do not worry

Noted for our passion and originality

Assisting and serving clients with loyalty

Fast service and customer royalty

Rich in customer problem solving

Innovation and technology keep us evolving

Championing the microfinance industry with great insight

Assisting the working poor, our delight

Never stopping, we are climbing greater heights

about Pan-African

Choose Pan-African, Choose Greater Strength

Pan-African Savings and Loans Company Ltd is a member of Ecobank group established in collaboration with other key shareholders namely Accion Investments and International Finance Corporation. The Company is licensed by Bank of Ghana and has been operating in Ghana since 2008 as a registered Savings and Loans Company offering financial services to the country's low-income, under-banked and un-banked population.

In August 2015, the company rebranded from EB-Accion Savings and Loans Co. Ltd. to our current name, Pan-African Savings and Loans Co. Ltd. The event which marked a significant milestone in the history of the company was to reposition our brand in a more strategic manner towards achieving our vision of being "the Leader in Microfinance in Africa".

Pan-African Savings and Loans Company Ltd offers products and services that are driven by customer needs and are aimed at providing flexibility and convenience to target customers. With 15 networked physical branches in the country, customers are able to access services in the Greater Accra, Eastern, Ashanti, Brong Ahafo and the Central regions.

Services provided include: short and medium term financing, savings and investments, remittance and mobile money services such as Ecobank's Rapid Transfer, Western Union Money Transfer, MoneyGram, RIA, MTN Mobile Money, Airtel Money and

With 15 networked physical branches in the country, customers are able to access services...

Tigo Cash. Customers are provided with e-cards that can be used on any of the GH-Link or Ecobank branded ATMs across and outside the country. The institution continues to create convenience through the use of technology and recently launched Quick, a mobile banking service. Quick is a USSD enabled platform that enables anyone with access to mobile phone and mobile connectivity in Ghana to open and save conveniently via their mobile phone. One only needs to dial *777# to get started. This service allows the customer and potential customers to:

• **Easily save and withdraw money** from your account through

your mobile wallet and Branded Quick Agents across the country;

- **Buy airtime from your phone**
- **Pay your bills**
- **Transfer funds to other Pan-African accounts**
- **Access micro loans repayable over one month;**
- **Check your account balance and request for mini statements.**

In recognition of its innovativeness and very successful business model, the company has won some major awards including:

1. Best Microfinance Project/Institution of the year – 2011 (African Bankers' Award)
2. Innovative use of Technology – 2011 (Hanson Wade Awards)
3. Member of Ghana Club 100 (GC100) 2014 edition
4. Best Microfinance Product of the year 2015 (Asian Banker Award)
5. Member of Ghana Club 100 (GC100) 2015 edition

The performance of the company, as one of the key microfinance subsidiaries of Ecobank, also contributed partly to the award won by Ecobank Group as the best bank in Financial Inclusion in Africa 2015 by African Banker.

Quick

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***777#**
SAVE | LOAN | PAY

Seamless Airtime top-up
Instant loan Access
Easy Deposit and Withdrawal
Bill Payment
Reliable Funds Transfer

Mobile banking is here now!!

Mobile Banking product that caters for all your banking needs via your phone

find out more, call our hotline on 057 555 7777 or visit our nearest branch to speak with our staff

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Choose greater strength

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Pan-African
Savings & Loans

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Ecobank
Microfinance

6 Benefits of Exercise



Find a physical activity you enjoy, and just do it. Bored? Try something new...

1 . Exercise controls weight
Exercise can help prevent excess weight gain or help maintain weight loss. When you engage in physical activity, you burn calories. The more intense the activity, the more calories you burn.

2 . Exercise combats health conditions and diseases
Regular exercise helps prevent or manage a wide range of health problems and concerns, including stroke, metabolic syndrome, type 2 diabetes, depression, a number of types of cancer, arthritis and falls.

3 . Exercise improves mood
Need an emotional lift? Or need to blow off some steam after a stressful day? A gym session or brisk 30-minute walk can help. Physical activity stimulates various brain chemicals that may leave you feeling happier and more relaxed. You may also feel better about your appearance and yourself when you exercise regularly, which can boost your confidence and improve your self-esteem.

4 . Exercise boosts energy
Regular physical activity can improve your muscle strength and boost your endurance. Exercise delivers oxygen and nutrients to your

tissues and helps your cardiovascular system work more efficiently. And when your heart and lung health improve, you have more energy to tackle daily chores.

5 . Exercise promotes better sleep
Struggling to snooze? Regular physical activity can help you fall asleep faster and deepen your sleep. Just don't exercise too close to bedtime, or you may be too energized to hit the hay.

6 . Exercise can be fun ... and social!
Exercise and physical activity can be enjoyable. It gives you a chance to unwind, enjoy the outdoors or simply engage in activities that make you happy. Physical activity can also help you connect with family or friends in a fun social setting.

So, take a dance class, hit the hiking trails or join a soccer team. Find a physical activity you enjoy, and just do it. Bored? Try something new, or do something with friends.
By Mayo Clinic Staff



Pan-African 2016 Health Walk

PAN-AFRICAN Savings and Loans organized a HEALTH WALK for its staff on Saturday, November 5, 2016. The event which involved a 6 km walk around the environs of Roman Ridge where its Head Office is located, also included some fun activities/games aimed at helping staff keep fit while socializing with colleagues. Activities for the day included: * Athletics * Football * Dancing competition * Tug-of-peace * Musical chairs * Arm wrestling

In an interview with Graphic Sports, the Managing Director, Ms. Emelia Atta-Fynn mentioned that the day was dedicated to relax ourselves. She said "The year has been a very tough one. We have gone through a lot of challenges but we believe that it is a good time to come together and enjoy ourselves and interact with each other because we have a lot of branches and don't get to always meet."

Pan-African staff at its branches in the Ashanti and Brong Ahafo Regions also organised the health walk in their localities on the same day the event in Accra was held. This is the second time the event has been held and it is intended to be an annual event.

As stated by the Managing Director "Our work is very stressful and we tend to sit a lot, so this is one of the ways we get to exercise.

The day was also used to broadcast the new mobile financial service, Quick, which was recently launched by the institution. By simply dialing *777# on their mobile phones, customers and potential customers

She said "The year has been a very tough one. We have gone through a lot of challenges but we believe that it is a good time to come together and bond."

are able to self-register; deposit/withdraw from their wallets or directly from their Pan-African accounts; purchase airtime top-up; pay bills and request for cheque books/mini statements/account balances. Quick – convenient and fast service from anywhere at anytime.



"Our work is very stressful and we tend to sit a lot, so this is one of the ways we get to exercise and look at our health".

Some Interesting Facts about Mobile Money & Banking in Ghana

Did You Know?

1. The first mobile money solution was launched in Ghana in 2009
2. The Bank of Ghana published that mobile money transactions in 2015 was GHs35.4 billion up from GHs 11.2 billion in 2014
3. Mobile money service in Ghana is regulated by the Bank of Ghana ("BoG"). It exercises its powers under section 51 (A) (3) of the Banking Act, 2004 (Act 673) as amended and Section 4 (1) (d) and (e) of the Bank of Ghana Act, 2002 (Act 612) in line with the BoG's mandate to promote and supervise electronic and other payments, funds transfer, clearing and settlement systems under the Payment Systems Act 2003 (Act 662). In July 2015, the BoG issued Guidelines for E-Money Issuers which replaced the previous Guidelines for Branchless banking.
4. Ghana's mobile money experience has been a collaboration between the National Communications Authority (NCA) and the Bank of Ghana (BoG).

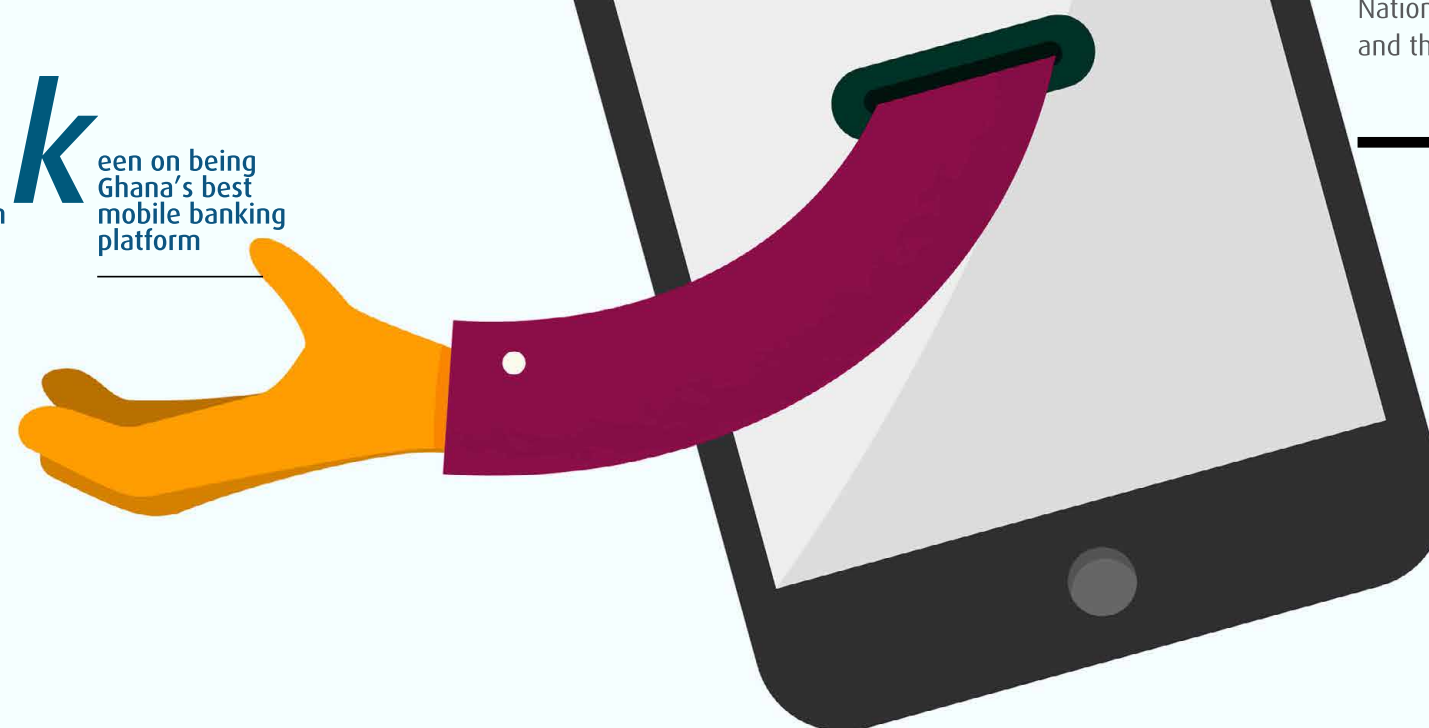


A client comes to a bank:
- My cheque was returned with a remark: "Insufficient funds". I'd like to know whether it refers to mine or the Bank?



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Quality mobile banking made simple
Unique, reliable and affordable
Intant and dependable
Cashless transactions with maximum protection
Keen on being Ghana's best mobile banking platform



Pan-African Savings and Loans Company Limited, on September 15, 2016, launched a new mobile financial service, Quick to enhance service delivery to its customers. The new service – Quick, provides convenient financial services via the mobile phone.

“Quick” provides Pan-African Savings and Loans customers and potential customers access to financial services 24/7. The service can be accessed by dialing the short code *777#. The innovative features of the Quick Service allows it to work without internet access or mobile airtime and can be

and transfers;
 • make reliable bill payments;
 • top-up airtime promptly; and
 • access short-term micro loans faster

In her welcome address, the Managing Director, Ms Emelia D Atta-Fynn, reiterated the company’s commitment to provide convenient and reliable service to the underbanked and unbanked population.

The keynote address for the launch was given by Dr. Settor Amediku, Head, Payment Systems Department, Bank of Ghana (BoG), who was the Special Guest of Honor for the programme. Dr. Settor Amediku in his address, said “as a Central Bank committed to

ensure the sustainability of the new mobile financial service as it faces possible challenges in the near future in terms of competition and innovation.

Dr. Amediku also stated that “the Bank is mindful of its mandate to promote financial stability and will ensure that financial innovations comply with all the regulatory requirements. He advised the Management of Pan-African Savings and Loans Company Limited to ensure that necessary structures for the product to serve its purpose effectively; and provide consumers protection recourse mechanism, transparency and disclosure”. Mr. Patrick Akinwuntan, the Ecobank Group Executive, for Consumer Banking, indicated in his remarks that, Ecobank, aims at building a world class Pan African Bank to contribute to the economic development of Africa through financial inclusion and that it is with this firm belief that Ecobank has established six microfinance businesses including Pan-African Savings and Loans Company Limited in Ghana to facilitate this objective.

He further stated that, Pan-African Savings and Loans, since its inception, has been providing and continues to provide robust financial services to numerous clients who were previously unbanked and that the introduction of the new mobile-based account and services by the company will enable it offer a more convenient and reliable financial service to millions in Ghana. He concluded by expressing the joy of the Ecobank Group to have worked with IFC and Accion Investments in Microfinance SPC to establish Pan-African Savings and Loans Company, which has operated since 2008, and has made some modest contributions to Ghana’s financial sector.

Quick Launch

used on any mobile phone. It also provides SMS alerts on every transaction which ensures enhanced security.

One does not need to be an existing customer to access the Quick service. Self-registration is enabled to make it more convenient to sign on from any location at any time.

The introduction of Quick provides customers with the opportunity to conduct the following transactions via their mobile phones:

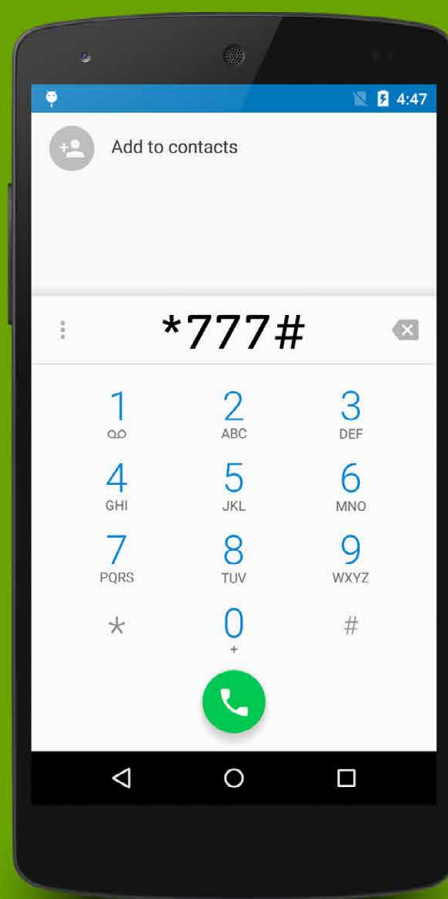
- access their accounts with Pan-African for deposits, withdrawals

financial inclusion and financial innovation, Bank of Ghana is ready to support institutions that seek to enhance access to financial service and also reduce the use of cash. It is on account of these objectives that the Bank is excited about Quick – an innovative mobile phone-based product designed for the financially excluded segment of our society”. He went on to commend Pan-African for introducing the Quick service onto the financial market and indicated that the product is the first of its kind approved by the Central Bank within the Savings and Loans industry. He also advised Pan-African to remain committed to

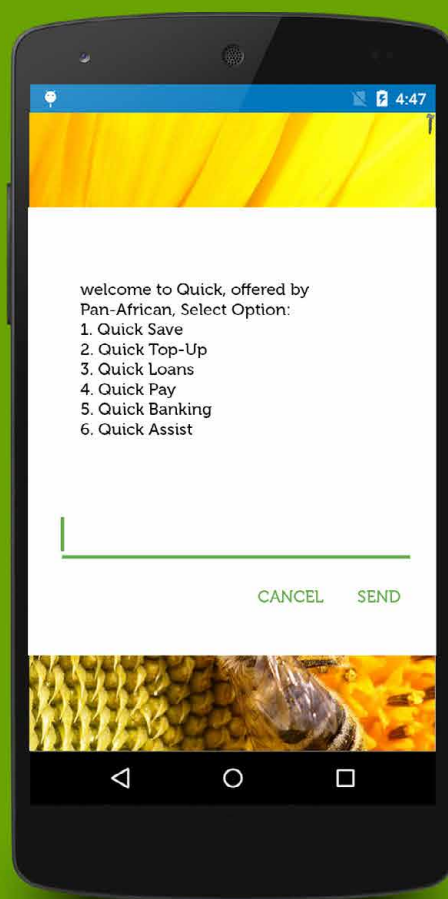
Quick Save (DEPOSIT)

step by step how to

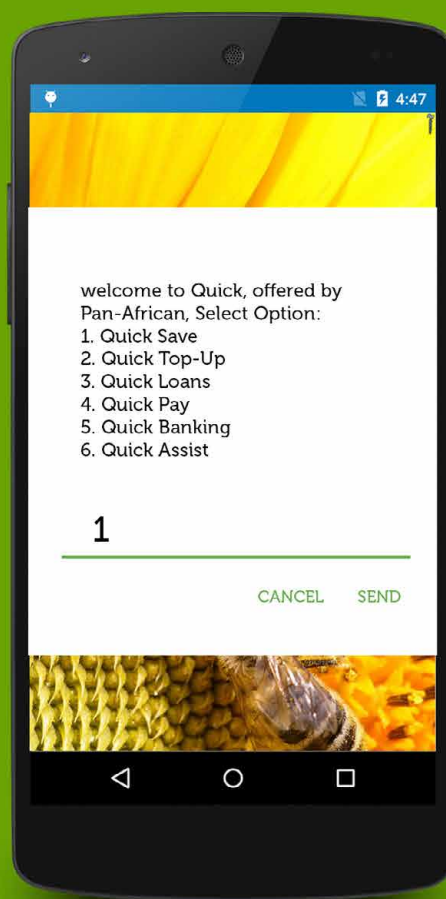
STEP ONE



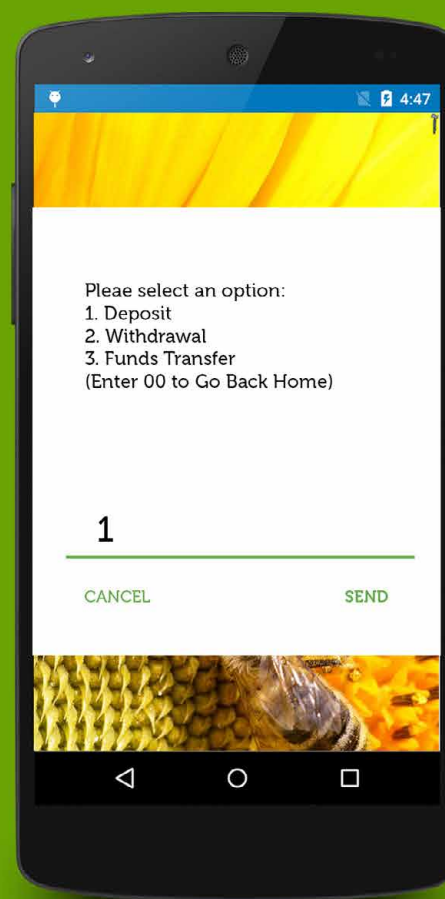
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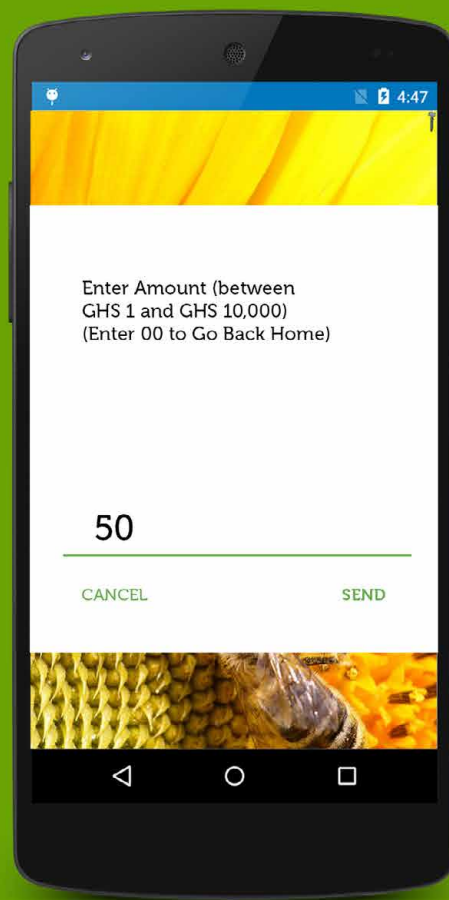
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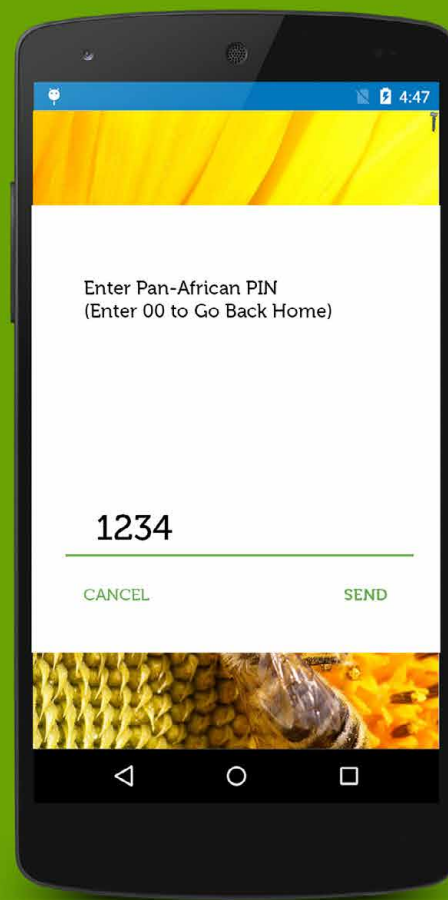
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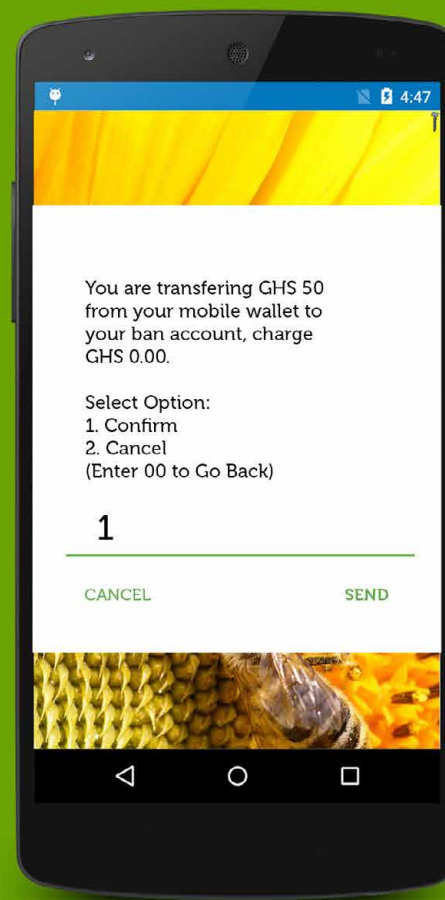
STEP FIVE



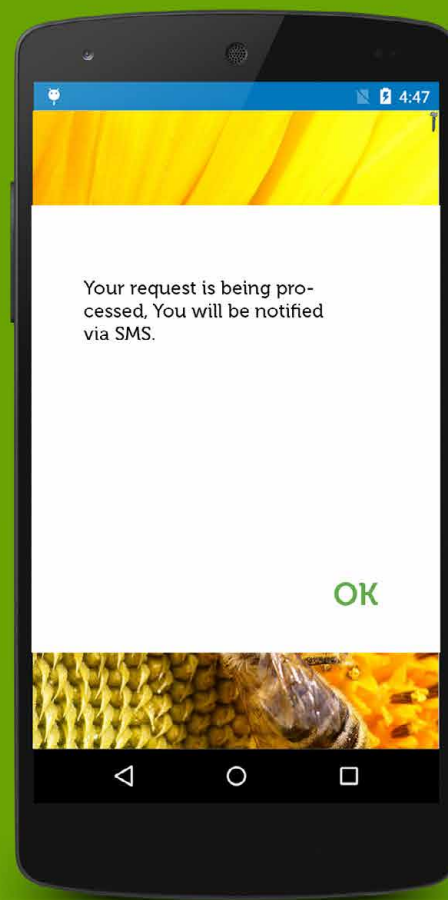
STEP SIX



STEP SEVEN



STEP EIGHT



YOU HAVE SUCCESSFULLY DEPOSITED GHS 50 IN YOUR BANK ACCOUNT. BANK ACCOUNT BALANCE: GHS 60.

Mobile Banking – Legal Perspectives

In a radio advertisement run by one of the telecommunications companies in Ghana, a father had promised his children that he was taking them out, but he first had to transact some banking business. The children were disappointed, because they thought they first had to go to the bank, which could possibly be some distance from wherever they were, and perhaps wait in a queue until their father was attended to. They were pleasantly surprised when their father told them that he had finished his bank transaction and was ready to go. How did he do that? The answer is mobile banking.

The provision of mobile financial services (i.e. mobile banking and mobile money)¹ by both financial institutions and telecommunication companies (Telcos) has made it

Mobile banking has reduced traffic in the banking halls, facilitated money transfers, including remittances, the payment of salaries, payments for goods and services, and creates opportunities for the low-income...

extremely easy for consumers to conduct banking and other payment services from any location, be it in the comfort of their homes, offices or business locations, in vehicles, at social functions etc. Using mobile phones to conduct financial businesses is one of the avenues by which deposit taking businesses promote financial inclusion. Financial institutions and the Telcos are now developing products and services geared towards mobile phone users.

Mobile banking has reduced traffic in the banking halls, facilitated money transfers, including remittances, the payment of salaries, payments for goods and services, and creates opportunities for the low-income and under-banked to have bank accounts. According to a World Bank Report² the number of “unbanked” individuals decreased by 20% to about 2 billion adults between 2011 and 2014 as a result of mobile banking. In Somaliland, the lack of internationally recognized financial institutions precipitated a

partnership between remittance companies and the Telcos to provide mobile banking solutions that is making that economy increasingly cashless³. The players in the provision of mobile financial services are normally the Mobile Network Operator (MNO), financial institutions (which includes insurance companies), mobile money agents (includes Automated Teller Machines (ATMs)), telecommunication aggregators, mobile money merchants, users of mobile money and the Regulators. The services are achieved through interoperability; that is participants’ ability to make payments across systems, for example, linking mobile money accounts to bank accounts.

As beneficial as mobile banking is, it is not without its challenges, which can have far-reaching consequences to both the service providers and the consumers. Some common issues arising are a) transferring money to a wrong recipient, b) service downtimes by the MNOs that delay or frustrate transactions, c) agent liquidity (i.e. an agent not having enough cash to give to a consumer on request), d) transaction limits, e) fraud and f) money-laundering.

In 2010, the Ugandan Anti-Corruption Court sat on a mobile money fraud case that involved staff of an MNO who defrauded the

company of about USD3.4million. Some of the charges brought against the employees were embezzlement, neglect of duties, electronic fraud and unauthorized disclosure.

During the hearing of the case, it was discovered that a substantial amount of the stolen money was taken from the MNO’s suspense account which held unclassified or disputed transactions temporarily. This account, it was revealed, did not have suitable reconciliation procedures which enabled the perpetrators steal huge sums of money. Again, in Rwanda, by manipulating the mobile money system, staff of another MNO, through internal collusion were able to steal about USD170,000.00⁴.

The Bank of Ghana in its Notice No. BG/GOV/SEC/2015/09 to E-Money issuers and the general public issued the Guidelines for E-Money Issuers in Ghana and the Agent Guidelines for Financial Institutions regulated under the Banking Act, (2004) as amended. The aim of these Guidelines as stated in the Notice is to “create an enabling regulatory environment for convenient, efficient and safe non-cash retail payment and funds transfer mechanisms.” Among other things, the Guidelines were issued to:

“a) Promote the availability and acceptance of electronic money as a retail payment medium with

the potential to increase financial inclusion;

b) Specify necessary safeguards and controls to mitigate the risks associated with e-money business and ensure consumer protection safeguards.

c) Provide rules for financial institutions offering select financial services outside traditional bank branches by using retail outlets and other non-bank entities such as agents for service delivery;

d) Provide for non-bank entities to be licensed and supervised by Bank of Ghana as dedicated e-money issuers (DEMI);

Telcos providing mobile money services need to be licensed as Dedicated E-Money Issuers (DEMI) by the Central Bank and are supervised under the E-Money Guidelines (the Guidelines). In the same way, financial institutions that wish to provide mobile financial services need authorization from the Central Bank.

Applicants for licenses or authorization have to go through a strict application process to ensure that the objectives of the Guidelines are achieved. Under the E-Money Guidelines, upon receiving the approval from the Central Bank to provide mobile financial services, an applicant becomes an E-Money Issuer (EMI). An EMI can be either a DEMI or a financial institution licensed under the Guidelines. The Guidelines ensures that EMIs have put in place all the

1.Chantan, P., Hernandez-Coss, R., Borowik, K. & Zerzan, A (2008). World Bank Working Paper No. 146, Integrity in Mobile Phone Financial Services, Measures for Mitigating Risks from Money Laundering & Terrorist Financing

2.World Bank, Press Release No. 2015/369/DEC

3.Stremlau, N. & Osman, R., (2015). Courts, Clans and Companies: Mobile Money and Dispute Resolution in Somaliland. Stability: International Journal of Security and Development. 4(1), Art. 43.

4. www.cgap.org

technological systems, internal controls and mechanisms to among others minimize risks to customer funds, prevent money laundering and protect the integrity of the financial system. It provides the permissible activities that can be undertaken, transaction limits that correspond to a consumers' KYC levels, customer due diligence requirements, float levels and the payment of interest, outsourcing of services and the termination of E-money services.

Dedicated EMIs are required to maintain minimum capital requirements specified by the Central Bank. The Guidelines give the Central Bank under the Bank of Ghana Act (2002) and the Payment Systems Act (2003) to have oversight over EMIs who are required to submit specified Reports to the Bank of Ghana. The Central Bank has the power to sanction and/or penalize EMIs who fail to submit these Reports or for non-compliance with the Guidelines. Chapter 5 of the Guidelines deals with Consumer Protection. EMIs have a strict obligation to observe the Consumer protection provisions given in the Guidelines.

These include: "Equitable, honest and fair treatment of all customers,



...Protection of customers' privacy as well as tangible and intangible assets related to the service, notably including personal details, financial information and transaction data...

notably, vulnerable groups such as the illiterate, women and the physically challenged. (2) Transparency and the disclosure of clear, sufficient and timely information on the fundamental

benefits, risks and terms of any product or service offered in an objective and accessible form; (3) Sufficient and accessible information to customers on their rights and responsibilities; (4) Protection of customers' privacy as well as tangible and intangible assets related to the service, notably including personal details, financial information and transaction data; (5) Responsible business conduct of all staff and authorized agents. EMIs are also required to put in place effective complaint procedures to address customer complaints.

The application of these Guidelines in the regulation of mobile financial services provides a legal framework to protect the integrity of the financial system and to achieve its beneficial aspects.

Microfinance in Ghana: Contemporary issues and Challenges

Microfinance basically is the provision of financial service to the people in the low-income bracket (CGAP). Thus, people who for some reason(s) cannot have access to formal finances through the commercial banks are served by microfinance institutions.

In most emerging markets, microfinance is becoming a powerful tool for both financial inclusion and poverty alleviation. It aims at providing a cost effective mechanism for providing financial services to the poor. This can be achieved by addressing the broad objective of outreach and sustainability, which brings forth the issues of trade off. The concept of microfinance is not new to Ghana. Traditionally, people save and borrow money from individuals and groups within the context of self-help to meet their financial needs. The microfinance sector in Ghana has evolved into its present state owing partly to the various financial sector policies and programmes perused by the various governments.

The objective of the provision of microfinance services in Ghana is in line with the main goal of Ghana's Growth and Poverty Reduction Strategy

(GPRS 2006) and other poverty related programmes pursued by the government, which is ensuring sustainable equitable growth, accelerated poverty

The objective of the provision of microfinance services in Ghana is in line with the main goal of Ghana's Growth and Poverty Reduction Strategy (GPRS 2006) and other poverty related programmes pursued by the government

reduction and the protection of the vulnerable, and the excluded within a decentralised, democratic environment. Microfinance has played a key role in the development of micro and small firms in Ghana. One of the major challenges facing small businesses in the country is access to funding or credit facility. Through the activities of Microfinance institutions (MFIs),

these businesses can now have access to credit and other financial services that they may require. Some MFIs assist with start-up capital while majority of them provide working capital assistance to micro and small firms in Ghana. There are a number of studies conducted that give evidence to suggest that, at the household level, Microfinance has contributed positively towards employment, diet, health, education, asset accumulation and women empowerment. A large number of the poor in Ghana continue to remain outside the fold of the formal banking system. Microfinance provides a good alternative platform for the provision of the needed financial services which they need in order to be able to have access to credit, save to smooth consumption, build assets through capital accumulation and also mitigate risk as well as have access to a reliable payment system.

In spite of the key role Microfinance plays in the economic development of the country as a whole and in the lives of individuals in particular, the sector faces some issues and challenges that need to be addressed.

The structure of Microfinance delivery channels in Ghana.

Various institutions and or individuals are involved in delivering Microfinance services to the target market. Microfinance Institutions are the organisations and Association of individuals that provide financial services to the poor. These institutions lend through the concept of joint liability or individual lending. In Ghana there is a range of such intuitions or organisations with diverse legal forms, varying significantly in size, outreach, mission and product delivery methodologies as well as the product offering.

The Central Bank, which has Regulatory and Supervisory authority over the operations of Microfinance institutions, classifies MFI into groups (Tiers1, 2, 3, 4).

- Tier 1 activities comprise of those undertaken by Rural and Community Banks, Finance Houses and Savings and Loans companies.
- Tier 2 covers Susu companies and other financial service providers, including FNGO'S that are deposit taking and profit making credit unions fall under this category.
- Tier 3 activities are undertaken by money lenders and non- deposit taking FNGOs.
- The activities of individual Susu collectors and individual money lenders come under the 4th tier.

Challenges.

In spite of the key role Microfinance plays in the economic development of the

Country, the sector faces some issues and challenges that need to be addressed. In recent times, there has been a lot of 'unfavourable' news hitting the sector. Notable among the challenges facing the sector include;

Currently Ghana has about 468 registered MFIs excluding rural banks and Savings and Loans Companies, money lenders and FNGOs

High operational costs:

Microfinance institutions operate under high operational costs in Ghana. The general economic condition in the country has contributed a lot to the high costs incurred in serving their clients. Costs incurred on utilities, maintenance, rent, loan monitoring among others, place a huge burden on the MFIs, making it difficult for them to achieve operational selfsufficiency at the early stages of operation. It is important that MFIs develop efficient systems to be able to monitor their operations in order to serve their clients effectively and efficiently. Studies show that as the MFI matures, its efficiency improves while its cost of operation decreases. The cost increase experienced at the initial operational stages entails that

all expenses needed to get the business on a sound footing are met, in order for the MFI reach the stage where the benefit of economies of scale leads to a fall in the cost of operation. On the average an MFI's operational cost can be between 25%-30% of its loan portfolio. It can get to 40% in the case of new businesses (Nintin Agarwal). The high cost of operation make some MFIs struggle to be sustainable within the first five years of operation, and a few of them collapse before their third anniversary in operation.

Low Level of Infrastructural Development:

Microfinance aims at providing financial service access to the poor. However, the low level of infrastructural development in Ghana makes it extremely difficult for MFIs to reach out to some of the poor people living in the rural areas in Ghana. This makes it difficult for them to have access to the required financial services leading them to rely on unorthodox means of accessing such service. Majority of the poor live in the rural areas of the country so the inability of MFIs to reach them with their service renders them financially excluded. The absence of basic infrastructure such as good roads, electricity and water go a long way to hinder the quest by MFIs to reach out to the unbanked in the remote areas of the country. The absence or low infrastructural development makes it difficult to have branches and agencies in these areas. The set up cost of



branches and unwillingness of staff to stay in these areas due to infrastructural development is a factor limiting MFIs' quest to achieve the objective of Outreach. Technology is proving to be the way to go in this quest to include the financially disadvantaged. For example, Mobile Money, powered by mobile phone technology has shown that it has the potential to provide a reliable alternative means, although it has its own challenges.

High Interest Rate;

The duality of microfinance goals of outreach and sustainability leads to the argument of whether the poor can actually pay fully for the financial services they receive. To be sustainable, MFIs must charge appropriate interest and fees for credit and other services delivered. However, in Ghana it's argued that MFIs are charging very high interest rates, which the poor find difficult to

pay. Some argue that the high interest rates charged has led to the collapse of the businesses of many microfinance clients.

On the otherhand, the MFIs argue that the cost of serving their target market is very high and in addition, they constitute a very high risk group and serving them requires that the right price is charged to be able to cover all costs incurred in order to be able to meet the objective of the existence of the MFIs- to mark profit. It is important to note that the risky nature of the target market makes it very expensive to serve, hence the unwillingness by some commercial banks to serve them.

Loan Default:

Credit delivery is a key component of microfinance activities. More often than not, microcredit and microfinance are used interchangeably by some

stakeholders. One of the key challenges facing MFIs in Ghana is the high default rate among borrowers. Most MFIs complain about non-payment of loans by their clients. To some extent, this affects the ability of the MFIs to meet customer demand in terms of withdrawal.

It is also argued that the high default rate accounts significantly for the supposedly high interest rate charged by the MFIs. The non-performing (NPL) ratio in microfinance industry in Ghana is said to be much higher than that of the commercial bank (unavailable data to support). In 2015, the average NPL rate for Commercial banks in Ghana was about 14.5 percent. Information asymmetry which leads to adverse selection and moral hazard is said to be a key contributing factor to the issue of default.

Funding and cost of funds:

For MFIs to be able to achieve their objective of outreach and sustainability access to funding is very critical. Globally, microfinance has received a lot of attention, and quite a substantial amount of subsidies have been channelled to the sector. Subsidies always come in the form of cash and in kind. Subsidies to support capacity building, human capital and technology, receive a lot of attention.

Some donors also support with loanable funds with the aim of subsidising interest rate and deepening outreach (Breadth). MFIs in Ghana face the challenge of accessing funding for both capacity building and lending. The main source of funds for lending by most MFIs in Ghana are depositors' funds and borrowing from the Commercial banks. Usually equity becomes the main source of funding for institutional capacity building and branch network expansion. The high interest rates in Ghana makes it very expensive for MFIs to borrow from the Commercial banks and depositors. Currently the Bank of Ghana (BOG) prime rate is about 26 percent. Commercial banks peg their base rate above 26 percent and with an average spread of about 6 percent, they are likely to lend at 32 percent. Given that the risk free rate is around 22 percent, savers also demand high interest for their time deposits, compelling some MFIs to accept time deposits at 28 percent and above.

ISSUES:

The microfinance sector in Ghana is saddled with some contemporary issues that are affecting the operation of MFIs and other stakeholders. Notable among these issues are;

Regulation and Supervision:

The issues of supervision and regulation of the microfinance

It is pointed out that deposit taking MFIs must be well regulated to protect depositors' interests

activities in Ghana has become a major talking point in recent times. The Central Bank has stepped up its supervision of the sector by setting up a special unit to basically monitor and control the activities of MFIs. This unit is known as the Other Financial Institution Supervisory Department. By the authority vested in the Central Bank as the body responsible for the issuance of licence to any individual or corporate body that wants to undertake microfinance activities in the country, the bank revoked the licence of about seventy microfinance institutions whose operations were deemed to have fallen short of the requirement by the Central Bank. Currently Ghana has about 468 registered MFIs excluding rural banks and Savings and Loans Companies,

money lenders and FNGOs (Bank of Ghana Website), however, it is argued that MFIs currently operating are more than the 468 who have registered with the Central Bank.

There is an argument as to whether MFIs should be regulated or not. It is pointed out that deposit taking MFIs must be well regulated to protect depositors' interests. The Central Bank has to ensure that MFIs operate within the regulation and directives guiding the operations of the sector. Issues of prudential returns, capital requirement among others should be critically looked at.

It is also important for Apex bodies such as the Ghana Association of Savings and Loans Companies (GHASALC), GHAMFIN, GAMC, CUA and others step up their game in supporting the central bank in enforcing the set regulation and directives.

Fraud: One of the key issues that has bedevilled the sector in Ghana in recent times is fraud. The country has been witnessing the collapse of many MFI's within the last two years. Almost all of these institutions that collapsed took away huge sums of customers' deposits, rendering of most of them poorer. This has affected the image of the industry as well as the rather growing confidence in the sector and has made customers doing business with MFIs do so with a very high level of caution. A good number of MFIs also became bankrupt as the

panic caused by the collapse of MFIs led to a sort of 'bank run' on the industry and a few could not survive. The Central Bank has come under heavy criticism in the wake of these disturbances, as many stakeholders place the blame at their door step. Many argue that the Central Bank has failed to execute its mandate, therefore could not protect customers interests as they are expected to do.

Agency issues; Closely linked to the issues of fraud is the problem of agency, emanating from the angle of staff employed by MFIs. Many microfinance institutions bring financial service to the door step of the poor. By so doing, the MFIs get their staff to visit them at their shops, homes and other centres, making it convenient to transact business and especially to save. There are various reports of these Field Officers taking customers' deposits and at times loan repayments and not depositing them in the clients' accounts. This practice has left a lot of MFIs incurring losses and in some cases, the clients lose their deposits as they are unable to provide substantial evidence to back their claims.

CONCLUSION

"Microfinance recognises that the poor are remarkable reservoirs of energy and knowledge. While

the lack of financial services is a sign of poverty today, it is also understood as an opportunity to create markets, bring people in from the margins and give them the tools with which to help themselves" – Kofi Annan. The above statement by the former UN Secretary General buttresses the importance of microfinance services in the quest to ensure financial inclusion. Though there seems to be a lot of challenges in the sector in Ghana, microfinance has played a key role in poverty alleviation in the country. Through the activities of MFIs, financial services has gotten to the doorstep of a lot of people who hitherto were left out in accessing financial services.

Once it is obvious that microfinance has become an integral part of our financial system, it is imperative that all stakeholders put their shoulders together to address the various challenges and issues so as to attain its full benefit to the economy. The Central Bank is expected to step up its game in the area of supervision and regulations, and the various apex bodies of microfinance providing institutions must also ensure proper peer review and play an advocacy role to ensure that their members operate effectively and efficiently to protect the image of the sector. Their coming together should also provide them with

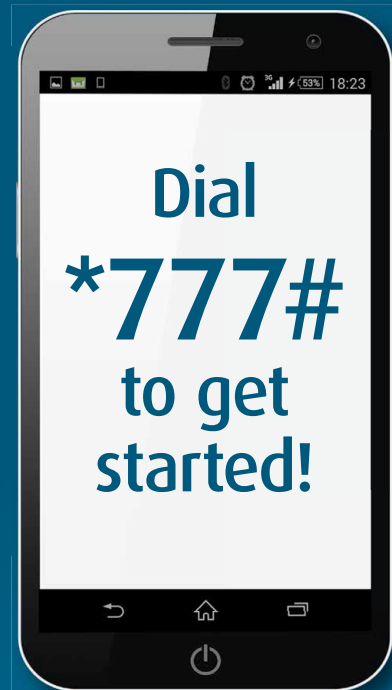
the strength to seek funding to support their members in capacity building to address the various issues and challenges which could be attributed to issues of capacity on the part of the Microfinance institutions. In our quest to address these challenges, all stakeholder involvement is very much needed.

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Customer is very happy with the Quick product. He stated that "It's very convenient for me, as a shy person it has always been a challenge for me when depositing small amounts of money at the branch. With this product I get to deposit any amount of money into my account without anyone noticing".
Samuel Adu Mensah

Client is ok with product. "With the exception of a technical challenge I experienced last time, I am very satisfied with the product, I must add that I have not experienced the issue since it was resolved".
Vivian Mensah

"Quick diee ma ni gye hu paaaa" I have reduced my visits to the banking hall, now even when I am in Tamale, I am still able to get access to my account.
Andrews Doku

Quick is an interesting product. I didn't pass my transaction right the first time but now I have improved and very happy with the product's efficiency.
Nasiru Abdul Mutahri

"I just relocated to Accra from Kenyasi where I had an account with your branch. I must say that am very happy with the product because it's very convenient.
Agyenim Boateng

Mobile Banking and Associated Risk

Traditionally, the banking industry was characterized by the meshed counters with tellers and vaults, long queues with a disgruntled workforce sitting on high chairs and counting cash. The industry has however witnessed a paradigm shift from the traditional methods of consumer banking to innovative ways of making banking service easily accessible to customers while maximizing profit. With the advent of technology, however, the banking sector has drastically changed. Some of the innovative products introduced in the industry with the advent of technology include the Automated Teller Machine (ATM), Self-Serviced Kiosks (SSK), Cash Deposit Machines (CDM), Point of Sale devices (POS), Internet banking, mobile banking etc. With these new technologies at the realm of banking, processes have been automated and thereby has largely reduced the waiting time.

The most trending technological innovation with the banking industry is mobile banking. Thanks to mobile phones, a huge number of people are increasingly getting into the banking system and reducing the amount of cash carried around. Through mobile phones, transfers can be made from account to account without being physically present at the bank to deposit money or make payment. Now, banking halls are increasingly looking empty as people resort to

the mobile and internet platforms. Mobile Banking allows consumers to perform banking services with the use of their mobile devices. Some of these services include

Thanks to mobile phones, a huge number of people are increasingly getting into the banking system and reducing the amount of cash carried around.

balance enquiry, funds transfer, bill payment, purchase of airtime, and access to transaction history. Many banks are taking advantage of this innovation in order to increase customer satisfaction, manage cost, increase profits and bring positive transformation of payment system in the economy. Ghana is however not left out of this technological innovation

within the banking industry as the Bank of Ghana strives to make the economy a cashless one. Since the introduction of mobile money to the Ghanaian market in 2009, it has played a key role in the push for financial inclusion. According to figures from the Bank of Ghana, the total value of transactions via mobile banking for 2015 was GHs35 billion up from

the GHs12 billion recorded in 2014. For the 1st quarter of 2016, active mobile money customers have

increased by 70 percent compared to the same period in 2015. Also, total value of transactions have increased by over 100 percent for the period. (Citi FM Business News 9/07/16) According to CGMA Magazine published in August 2013,

although mobile banking has the potential to provide convenience to

customers and new service opportunities for financial institutions, mobile network operators and innovators, there are some risks associated with its use as customers engage in payments, financial transfers and account monitoring via mobile devices such as smartphones and tablet computers. With this in mind, regulators have also taken keen interest in making sure that benefits are delivered to customers while risks are minimized entirely.

The UK Financial Conduct Authority (FCA) in an interim Report released in 2014 highlighted fraud, security, technology risk/interruption to service, customer awareness and understanding and anti-money laundering systems and control as the five (5) areas of potential risk associated with mobile banking.

Unlike websites, mobile applications don't properly encrypt information. As explained by Ron Vetter; a Computer Science expert at the University of

North Carolina Wilmington, and co-founder of two technology companies, "mobile applications are connected to wireless networks, and these networks are inherently insecure as they broadcast their

messages into the open air" www.wisebread.com. It is therefore advised that sensitive transactions are conducted using the phone's data network or a secured wireless network. This will help reduce the risk of customers' private information being intercepted by hackers or some other third party. Conducting such sensitive financial transactions over these secured Wi-Fi or phone data network however does not guarantee the complete elimination of the risk of private information being intercepted. Poor reception also invites the chance that the data contained in the banking transaction could be intercepted by an unauthorized third party.

Security of financial transactions being executed from remote locations and transmission of financial information over the air, is the most complicated challenge which is currently being addressed jointly by mobile application developers as well as wireless network service providers at a huge cost. According to www.wisebread.com, a study conducted revealed that nearly 40% of smartphone owners do not password protect their devices. Most of these users also auto-save their passwords on their devices. If any of such smartphone users lose their phone, it could end up in the hands of the wrong person who could access their banking app and access



their money. For optimal security, customers are advised to select “no” when any of their applications ask to remember their username or password. Another solution will be to install a remote-wiping application that allows customers to erase their phone data even if the device is not physically in their possession.

Fraudulent applications are also noted as another risk associated with mobile banking. Fraudulent applications posing as official banking institution are common on app stores. Users who mistakenly access these applications makes their private information available to the creators of the applications. There is also the possibility of customers receiving malware or viruses when they download a mobile banking application.

Customers are again advised to download their mobile banking applications from their respective Financial Institution’s website to avoid this scam. Users of android phones can also set their security settings to abort installations from sources other than Google Play. Customers using the service may make payments to the wrong person or an incorrect amount. Consumers of such services are advised to double check on details being used in sensitive transactions to ensure the right amount is sent or paid to the individual for whom it is intended.

The mobile banking platform could also be used for money laundering especially when a mobile payment is not linked to a customer’s

account and there are no additional safeguards to verify the identity of the payee and recipient, the FCA said.

As risk is inherent in our everyday life, risk associated with banking and mobile banking for that matter cannot be over emphasized. Mobile application developers, wireless network service providers, financial

April 2016, there were about 36.4m mobile voice subscribers in Ghana according to the June 2016 Telecom Subscriptions Report by the National Communications Authority (NCA). This number far exceeds the estimated 27.8m population of the country (National Population Council Secretariat, Ghana Statistical Service). The benefits of mobile money to consumers are therefore

The mobile banking platform could also be used for money laundering especially when a mobile payment is not linked to a customer’s account and there are no additional safeguards to verify the identity of the payee and recipient, the FCA said.

institutions, Regulators as well as other players within the industry will continue to develop means of minimizing risk factors as well as emerging ones.

Over the last decade, the mobile phone penetration rate in Ghana has grown tremendously. As at

unquestionable and the suggestion here is to encourage its use in the financial services arena. Indeed “the message is clear: the future of banking is digital and the future has already arrived”.