

BANK OF GHANA ACT, 2002, (ACT 612).

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SCHEDULE

THE SIX HUNDRED AND TWELFTH

ACT

OF THE PARLIAMENT OF THE REPUBLIC OF GHANA

ENTITLED

BANK OF GHANA ACT, 2002

AN ACT to amend and consolidate the law relating to the Bank of Ghana and to provide for related matters.

DATE OF ASSENT: 24th January, 2002.

BE IT ENACTED by Parliament as follows:

PART I—THE BANK OF GHANA, ITS OBJECTS AND SHARES

Section 1—Continued Legal Existence of Bank of Ghana

(1) The Bank of Ghana in existence immediately before the commencement of this Act shall, subject to this Act, continue to be in existence as a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

(2) The Bank referred to in subsection (1) shall be the Central Bank of Ghana and may, in relation to its business purchase, hold, manage and dispose of movable and immovable property and may enter into a contract or a transaction as may be expedient.

(3) The application of the common seal of the Bank shall be authenticated

(a) by the Governor, or

(b) in the absence of the Governor, by a Deputy Governor, and two directors all of whom shall certify the validity of the authentication and that signing shall be independent of the signing by any other person who may sign the instrument as a witness.

Section 2—Head Office and Branches

The Bank shall have its head office in Accra and may, where it is considered necessary for the performance of its functions, open branches and have agencies or agents in and outside Ghana.

Section 3—Objects of the Central Bank

- (1) The primary objective of the Bank is to maintain stability in the general level of prices.
- (2) Without prejudice to subsection (1) the Bank shall support the general economic policy of the Government and promote economic growth and effective and efficient operation of banking and credit systems in the country, independent of instructions from the Government or any other authority.

Section 4—Functions of the Central Bank

- (1) The Bank shall for the purposes of section 3 perform the following functions:
 - (a) formulate and implement monetary policy aimed at achieving the objects of the Bank;
 - (b) promote by monetary measures the stabilization of the value of the currency within and outside Ghana;
 - (c) institute measures which are likely to have a favourable effect on the balance of payments, the state of public finances and the general development of the national economy;
 - (d) regulate, supervise and direct the banking and credit system and ensure the smooth operation of the financial sector;
 - (e) promote, regulate and supervise payment and settlement systems;
 - (f) issue and redeem the currency notes and coins;
 - (g) ensure effective maintenance and management of Ghana's external financial services;
 - (h) license, regulate, promote and supervise non-banking financial institutions;
 - (i) act as banker and financial adviser to the Government;
 - (j) promote and maintain relations with international banking and financial institutions and subject to the Constitution or any other relevant enactment, implement international monetary agreements to which Ghana is a party; and
 - (k) do all other things that are incidental or conducive to the efficient performance of its functions under this Act and any other enactment.
- (2) The Board may by legislative instrument authorise any person to exercise the power of the Bank to regulate and supervise non-banking financial institutions.
- (3) An instrument issued under subsection (2) may include provisions relating to
 - (a) inspection;
 - (b) management audit; and
 - (c) any other aspect of operation of non-banking institutions.
- (4) An instrument issued under subsection (2) shall be under the signature of the Governor.

Section 5—Authorised Shares of the Bank

- (1) The authorised number of shares of the Bank shall be seven hundred billion shares of no par value which shall be taken up from time to time by the Government and may be increased from time to time.
- (2) The shares shall not be transferable or subject to any encumbrance.

Section 6—General Reserve Fund, Payment into Consolidated Fund

- (1) There shall be a General Reserve Fund of the Bank.
- (2) At the end of each financial year of the Bank, after allowing for the operational expenses out of its income and after provision has been made for bad and doubtful debts, depreciation of assets, replacement of currency, development fund, contributions to staff and superannuation fund and other contingencies, there shall be transferred to the General Reserve Fund,
 - (a) one-half of the net profit of the Bank if the amount of money in that Fund is less than the paid-up capital of the Bank; or

(b) one-quarter of the net profit of the Bank, if the amount of money in that Fund is less than twice the amount of the paid-up capital of the Bank.

(3) Money that remains after the transfer under subsection (2) shall

(a) where there is a balance of government indebtedness in the books of the Bank, be used to set off the indebtedness; and

(b) where there is no balance of government indebtedness in the books of the Bank, be paid into the Consolidated Fund.

(4) Where at the end of a financial year the amount of money in the General Reserve Fund is more than twice the amount of the paid-up capital, a proportion of the profit, as may be agreed upon between the Bank and the Minister, shall be paid into the Consolidated Fund.

Section 7—Revaluation Account

(1) Profits or losses arising from a revaluation of the Bank's assets or liabilities in gold, special drawing rights or foreign securities as a result of a change in the par value of the cedi or of any change in the par value of the currency unit of any other country shall be excluded from the computation of the annual profits or losses of the Bank.

(2) The profits and losses arising under subsection (1) shall be carried to a special account to be known as the 'Revaluation Account'.

(3) Profits shall not be paid into the General Reserve Fund or the Consolidated Fund under subsection (2) or (3) of section 6 where the Revaluation Account shows a net loss, and the profits not paid into the General Reserve Fund shall be credited to the Revaluation Account in an amount sufficient to cover the loss.

(4) Where the profits referred to under subsection (1) are insufficient to cover the losses of the Bank in a financial year, the Government shall cause to be issued to the Bank redeemable negotiable interest bearing securities to the extent of the deficiency.

(5) A credit balance in the Revaluation Account at the end of a financial year of the Bank shall be applied to redeem the outstanding securities issued under subsection (4).

PART II—ADMINISTRATION OF THE BANK

Section 8—The Board of Directors

The governing body of the Bank shall be a Board of Directors consisting of,

(a) the Governor of the Bank who shall be the chairperson;

(b) the First and Second Deputy Governors appointed under section 17;

(c) one representative of the Ministry of Finance; and

(d) eight other directors appointed by the President in consultation with the Council of State.

Section 9—Functions of the Board on Policy Formulation

The Board shall formulate policies necessary for the achievement of the objects of the Bank.

Section 10—Terms and Conditions of Service of Members

(1) The members of the Board, other than the Governor and the two Deputy Governors, shall hold office for a period of three years but are eligible for re-appointment.

(2) The members, other than the Governor and the two Deputy Governors shall be paid appropriate allowances to be determined by the Board in consultation with the Minister.

Section 11—Qualifications of Members

A person does not qualify to be appointed as a member of the Board who

(a) is not a citizen of Ghana;

(b) has entered into terms with any person for payment of his or her debt, has suspended payment of his or her debt or has been declared insolvent;

(c) has been convicted of a felony or an offence involving dishonesty;

(d) is adjudged to be a person of unsound mind; or

(e) in the case of a person possessed of professional qualification, that person is disqualified or suspended, otherwise than at the request of that person, from practising the profession of that person by order of a competent authority made in respect of that person.

Section 12—Removal from the Board

A member shall cease to hold office if that member

- (a) ceases to be a citizen of Ghana;
- (b) becomes a person of unsound mind or incapable of carrying out the duties of that member;
- (c) has entered into terms with any person for payment of his or her debt, has suspended payment of his or her debt or has been declared insolvent;
- (d) is convicted of a felony or of an offence involving dishonesty;
- (e) is guilty of gross misconduct in relation to the duties of that member; or
- (f) in the case of a person possessed of professional qualification, that member is disqualified or suspended from practising his or her profession by the order of a competent authority, made in respect of that member or ceases to be a member of the profession otherwise than at the request of that member.

Section 13—Vacancy on the Board

Where a member dies, resigns or otherwise vacates office before the completion of the term of office, another person shall be appointed

- (a) in the case of the Governor or a Deputy Governor, for a period of four years;
- (b) in the case of any other member for the unexpired period of that member.

Section 14—Meetings of the Board

(1) The Governor shall summon meetings of the Board as often as may be required but not less frequently than once in each month.

(2) The Governor shall preside at the meetings of the Board and

- (a) in the absence of the Governor, the First Deputy Governor shall preside, or
- (b) in the absence of the Governor and the First Deputy Governor, the Second Deputy Governor shall preside.

(3) The quorum for a meeting of the Board shall be six members including the Governor or a Deputy Governor.

(4) A member who has an interest, whether direct or indirect, in a matter that is being considered or dealt with by the Board shall disclose in writing to the Board the nature of that interest and shall not participate in a discussion or decision of the Board on that matter.

(5) Where a member fails or refuses to disclose his or her interest under sub-section (4), the member shall cease to be a member.

(6) Decisions of the Board shall be determined by a simple majority of the members present and voting except that where there is an equality of votes on an issue before the Board, the person presiding shall have a casting vote.

(7) The Board may, where it considers it fit, invite a person to assist at its meeting but a person so invited is not entitled to vote at that meeting on a matter for decision by the Board.

(8) The validity of the proceedings of the Board shall not be affected by a vacancy among its membership or by a defect in the appointment or qualification of any of the members.

(9) An act done by a member acting in good faith as a member is valid, notwithstanding a defect in the appointment or qualification of that member.

(10) Except as otherwise provided in this section, the Board shall determine the procedure for its meetings.

Section 15—Committees of the Board

The Board may appoint a number of committees that are necessary for the purpose of advising the Board.

Section 16—Audit Committee

(1) There shall be appointed by the Board an Audit Committee whose chairperson shall be appointed by the members from among their number.

(2) The Audit Committee shall consist of three members and its responsibilities shall be to:

- (a) establish appropriate accounting procedures and accounting controls for the Bank and supervise compliance with these procedures;
- (b) monitor compliance with enactments applicable to the Bank and report to the Board thereon;
- (c) deliver opinions on any matters submitted to it by the Board or management;