1 The Fintech Landscape

1.1 Please describe the types of fintech businesses that are active in your jurisdiction and the state of the development of the market. Are there any notable fintech innovation trends of the past year within particular sub-sectors (e.g. payments, asset management, peer-to-peer lending or investment, insurance and blockchain applications)?

Fintech in Ghana cuts across the business, health, banking and insurance sectors. The types of active fintech businesses predominantly operate in the areas of finance and retail banking services, investment management, crowdfunding, insurance and payment systems (particularly peer-to-peer lending).

Ghana was first introduced to fintech in 1997 when the then Social Security Bank introduced the Sika Card which allowed holders to engage in cashless transactions. In 2008, the government launched a national smart payment system known as e-zwich, an interoperable payment system, for use in banks and savings & loans companies for the conduct of cashless transactions. Ghana has since revolutionised its fintech industry to embrace the use of smartphones and applications in transactions. There are presently over 11 million active users on mobile payment systems, with banks recording over 80% of their transactions as originating from electronic and digital channels. The Bank of Ghana (BoG), which is the regulator of payment systems, reports that about 71 fintech companies operate in the country.

Examples of Ghanaian fintech companies

ExpressPay is a payment gateway provider that enables payments for services, such as utility bills, school fees, hotel reservations and insurance premiums. ExpressPay also facilitates direct access to banking services such as transfer of funds to and from its customers’ accounts. It supports mobile money payments and all major international credit card networks.

Slydepay is an electronic and online funds transfer service that enables signed up users to make payments and receive money and store owners to accept payments. Payments may be made to individuals (either through a mobile money wallet or credit/debit cards) or for bills, school fees or organisational dues. Slydepay supports the transfer of money to Ghana from credit or debit cards issued from non-Ghanaian banks. Users can cash out their Slydepay money from any of the local mobile money networks.

Hubtel’s payment platform processes payments by customers of its registered businesses in-store, online or by mobile phone. It provides bulk SMS messaging and advertising services. Hubtel’s premium billing API may be used to manage subscriptions, billing and content delivery to customers of its signed-up businesses via the web, WAP or SMS.

Zeepay focuses on connecting digital assets such as money wallets, ATMs, cards and bank accounts to international money transfer operators, payments subscriptions and international airtime. The company describes itself as providing the last mile to international payments and remittances companies.

Zeepay is a partner in the Government’s Digital for Inclusion Initiative (D4I) launched in 2017. The other partners are Ghana Investment Fund for Electronic Communications, the National Board for Small Scale Industries and the United Nations Capital Development Fund. D4I was developed to improve the digital economy through interconnection. The objective of this partnership was to expand Ghana’s digital economy, expand financial inclusion and create economic opportunities for the financially excluded. The initiative focuses on smallholder cocoa and vegetable farmers without adequate income.

Invest Mobile is a fintech start-up that allows its clients to manage their investments on a mobile phone with or without an internet connection. Customers may select short or long term investment solutions through the app or via a USSD platform.

Bloom Impact is an online marketplace which digitally connects small business owners with financial services providers that best meet their needs.

Paysail is a fully managed web service that enables businesses and accounts departments to run their payroll, file tax returns and social security and pay employees via their mobile wallets or bank accounts. It also allows access to payroll reports and directly sends payslips to employees via email.

G-Money is a mobile money wallet recently launched by Ghana’s largest bank, GCB Bank. It is available to both GCB and non-GCB bank customers. G-Money enables customers to send and receive money, buy goods, pay for services and move funds within the financial ecosystem. The objective of G-Money is to afford customers the freedom to perform transactions regardless of their mobile network operator. The service
allows customers to save and take instant micro-loans using their wallet. G-Money is the first of its kind to be operated by any bank in Ghana. It allows individuals and businesses to use their mobile phones or Personal Digital Assistants to store money in the form of electronic money or value for transactions. The most dominant and widely-used fintech innovation trend in Ghana is the digital mobile payment system, commonly referred to as “mobile money”. This innovative and simple mode of conducting financial transactions has ushered into the financial system the majority of the populace who were previously without bank accounts. It is largely operated by the telecommunications companies. The first of its kind, MTN Mobile Money, was introduced by MTN Ghana in 2009. This service is deemed to have over 10 million active users and 67,000 merchant points within the country.

Over the years, other reputable telecommunications companies have diversified their service delivery to include digital payment systems. Airtel Ghana launched Airtel Money and Tigo Ghana and Vodafone Ghana launched Tigo Cash and Vodafone Cash respectively. These platforms allow customers to deposit and transfer money, earn interest on deposits, make payments for purchases and utility bills and access a banking facility directly from their smart phones. In the first half of 2019, an estimated GHS 140 billion (exchange rate as at 15 February 2020 is GHS 5.34 to USD 1) was transacted via mobile payment systems. This industry has been widely embraced by the banking sector with several reputable banks partnering with service providers to offer a broad range of services to customers. Insurance companies have also partnered with these digital payment system platforms to ease access to insurance facilities in the country.

The Ghana Interbank Payments and Settlement Systems (GHIPSS), a subsidiary of the Bank of Ghana, is the National Payment Systems Infrastructure provider with a mandate to ensure financial inclusion to the unbanked population by developing effective and secure electronic payment platforms with the collaboration of all industry players. In 2018, GhIPSS introduced the Mobile Money Interoperability (MMI) Platform to enable customers to transfer funds from one mobile money wallet to another across different networks. The MMI platform recorded a 317% growth in the volume of transactions and a 267% growth in the value of transactions between 2018 and 2019. In September 2019, the GIP recorded over 950,000 transactions on its platform valued at GHS 781 million, with 80% of those being transfers from bank accounts to mobile money wallets. GhIPSS has introduced the GhIPSS Instant Pay (GIP) which allows customers to transfer funds from bank accounts to other bank accounts or mobile money wallets instantly via their electronic devices.

Most banks operate internet or mobile banking platforms through banking applications accessible on their customers’ mobile phones. Several of the banks also offer the GIP service through their collaboration with GhIPSS to ensure convenience and instantaneous transfers to customers.

2 Funding For Fintech

A number of funding opportunities are available to new and growing businesses, mostly in the form of loans, microfinancing, crowdfunding, angel investments, venture capital and governmental funding schemes.

The Ghana Start-up Capital Fund is an example of a microfinance funding opportunity which offers capital at no interest to entrepreneurs and invests in their skills development.

Crowdfunding platforms such as SliceBiz and Getmefund are also available to Ghanaian businesses.

The Ghana Angel Investor Network offers financial assistance to Ghanaian businesses.

The Venture Capital Trust Fund established under the Venture Capital Trust Fund Act, 2004 (Act 680) is a governmental funding scheme aimed at providing minimum financing to businesses to promote employment and wealth in the country.

Oasis Capital Ghana Limited is a venture capital fund manager that offers risk capital to businesses in the form of equity, quasi-equity and profit-sharing facilities.

Incentive schemes exist for investment in small/medium-sized businesses in general including tech and fintech businesses. A few schemes are available specifically to tech/fintech businesses. Firms such as eVafund and the Indigo Trust, albeit non-Ghanaian, largely focus on supporting and investing in digital media and technology-driven projects in African countries, including Ghana.

Ghana’s universal incentive schemes for investment available to small/medium-sized businesses (SMEs) include the Venture Capital Trust Fund, Oasis Capital Ghana Limited, Ghana Start-up Capital Fund and Export Development and Investment Fund for entities engaged in the business of exports.

SMEs are able to access grants through the direct intervention of development partners resident or operating in Ghana. These include the Canadian Development Agency (CIDA), the Danish International Development Agency (DANIDA), the United Nations Development Program (UNDP) and the United States Agency for International Development (USAID).

GhIPSS has expressed its willingness to partner and collaborate with fintech start-ups in Ghana. However, the scope of the collaboration has not been clearly laid out.

In order for a business to IPO it (i) must be a public company or if private, registered as a public company, (ii) the prospectus setting out the shares and debentures of the company must be

1.2 Are there any types of fintech business that are at present prohibited or restricted in your jurisdiction (for example cryptocurrency-based businesses)?

There are currently no specific prohibitions or restrictions on fintech businesses. However, all fintech businesses must operate in compliance with the laws of Ghana.

Presently, cryptocurrency, blockchain technology and digital currencies are not regarded as legal tender.

The Payment Systems and Services Act 2019 (Act 987) does not cover cryptocurrencies or digital currencies. The BoG and the SEC have, however, intimated that a regulatory framework is being considered.

2.3 In brief, what conditions need to be satisfied for a business to IPO in your jurisdiction?

In order for a business to IPO it (i) must be a public company or if private, registered as a public company, (ii) the prospectus setting out the shares and debentures of the company must be
registered with the Registrar of Companies, and (iii) it must comply with the Companies Act, 2019 and the listing requirements of the Ghana Stock Exchange.

Newly issued shares cannot trade in the Over-The-Counter (OTC) Market before getting listed on the GSE. A company seeking to be listed must communicate this intention early to the GSE and work with the GSE’s listing requirements before the public flotation.

These requirements are stipulated in the GSE Rules Book. It is the responsibility of the sponsoring Licensed Dealing Member to verify all the information provided by the company and then file with the GSE all the necessary documentation to support the application.

There are two lists:
1. The first official list (FOL or Main Board).

### Listing Requirement for Shares (Main Board)
1. **Minimum Stated Capital:** It must have a stated capital after the public flotation of at least GHc1 million in the case of an application relating to the First Official List and GHc0.25 million for the GAX.
2. **Minimum Public Float:** Shares issued to the public must not be less than 25% of the number of issued shares of the company.
3. **Payment of Shares:** Shares must be fully paid for. Except in very exceptional circumstances, the Exchange will refuse listing in respect of partly paid shares.
4. **Spread of Shares:** The spread of shareholders existing at the close of an offer should be in the GSE’s opinion adequate with at least 100 shareholders after the public offer for the Main Board and 20 for the GAX.

### Listing Requirement for Debt Securities
A company or institution seeking the admission of debt securities to the GSE may be considered for such admission if the security concerned has a total issue amount of not less than GHc1 million face value or there are at least 50 holders of such securities. In the case of government securities, there is no prescribed minimum in respect of either amount of issue or number holders to permit admission to the GSE’s list. Debt securities for which listing is sought shall be created and issued pursuant to a Trust Deed duly approved by Securities and Exchange Commission.

#### 3.2 Is there any regulation in your jurisdiction specifically directed at cryptocurrencies or cryptoassets?

There is currently no legislation specifically directed at cryptocurrencies. However, the Payment Services Act allows the BoG by notice to make rules for electronic financial services. This anticipates the development of cryptocurrency legislation/regulations by the BoG in the future.

#### 3.3 Are financial regulators and policy-makers in your jurisdiction receptive to fintech innovation and technology-driven new entrants to regulated financial services markets, and if so how is this manifested? Are there any regulatory ‘sandbox’ options for fintechs in your jurisdiction?

The BoG has expressed an interest in developing an electronic currency of its own, namely, the ‘e-cedi’. The Payment Systems Act provides for the regulation of electronic money issuers, which would include future ventures such as the e-cedi. Additionally, BoG is developing a regulatory sandbox.

In 2018, Ghana witnessed a landmark IPO of MTN Ghana, the market leader in the mobile digital payments industry. MTN raised GHS 1.15 billion out of an estimated GHS 3.48 billion. Local applicants were able to access or purchase shares through the MTN Mobile Money platform.
Foreign fintech businesses must comply with the Payment Systems Act, the Electronic Transactions Act, the Anti-Money Laundering Act and the Data Protection Act amongst others.

4 Other Regulatory Regimes / Non-Financial Regulation

3.4 What, if any, regulatory hurdles must fintech businesses (or financial services businesses offering fintech products and services) which are established outside your jurisdiction in order to access new customers in your jurisdiction?

A non-Ghanaian resident organisation shall be registered as an external company where it uses equipment or a data processor carrying on business in Ghana to process data, or processes data which originates partly or wholly from Ghana. The Data Protection Act requires the personal data of a foreign individual to be processed in compliance with the data protection laws of that individual, where data originating from his/her country is sent to Ghana for processing.

There are specific provisions in the Data Protection Act restricting international transfers of personal data from Ghana. However, businesses may transfer such data with the prior consent of the data subject. In the absence of such consent, it is logical that the exceptions specified by the Data Protection Act, to the grant of consent by an individual to the processing of his/her personal data may be equally applicable in the case of foreign transfers. Such processing must be in compliance with the data protection principles specified in the Data Protection Act. The individual may object to the processing of his/her personal data at any time.

4.3 Please briefly describe the sanctions that apply for failing to comply with your data privacy laws.

There are various offences under the Act and each carries different penalties.

A person who:
(i) Fails to register as a data controller but processes personal data is liable on summary conviction to a fine of not more than 250 penalty units or a term of imprisonment of not more than two years or both.
(ii) Fails to comply with an enforcement notice or an information notice from the DPC commits an offence and is liable on summary conviction to a fine of not more than 150 penalty units or to a term of imprisonment of not more than one year or to both.
(iii) In compliance with an information notice, makes a statement which that person knows to be false in a material respect, or recklessly makes a statement which is false in a material respect, commits an offence and is liable on summary conviction to a fine of not more than 150 penalty units or to a term of imprisonment of not more than one year or to both.
(iv) Sells or offers to sell personal data of another person, commits an offence and is liable on summary conviction to a fine of not more than 2,500 penalty units or to a term of imprisonment of not more than five years or to both.

There are additional offences in relation to the purchase or sale of personal data and deliberate or reckless disclosure of personal data. Sanctions for breach range from fines to a term of imprisonment or both.

Note: 1 penalty unit is equivalent to GHS 12 (USD 2.22 as at 10 February 2020).

4.4 Does your jurisdiction have cyber security laws or regulations that may apply to fintech businesses operating in your jurisdiction?

See question 3.4.

The Electronic Transactions Act, 2008 (Act 772) provides for specific cyber security related laws. The Minister of Communications recently announced that measures have been put in place for the enactment of a new cybersecurity law by June 2020 to sanitise and safeguard the country’s cyberspace.

4.5 Please describe any AML and other financial crime requirements that may apply to fintech businesses in your jurisdiction.

The Anti-Money Laundering Act, 2008 (Act 749) requires a person whose business or a principal part of their business consists of providing financial services that involves remittance or exchange of funds to be compliant with the Act. The BoG is required to furnish the Financial Intelligence Centre (FIC) with the list of these institutions for registration.

Legislation relating to accurate financial record keeping by companies is equally applicable to fintech companies. Failure to maintain records and the making of false or misleading statements are offences under the Income Tax Act, 2015 (Act 896) as amended.

Under section 345 of the Companies Act 2019 (Act 992), it is an offence for a person to give a false statement to the Registrar of companies, in relation to any return, report, certification, account or other document. Contravention attracts a fine or a term of imprisonment or both.
5 Accessing Talent

5.1 In broad terms, what is the legal framework around the hiring and dismissal of staff in your jurisdiction? Are there any particularly onerous requirements or restrictions that are frequently encountered by businesses?

The primary legislation and regulations governing the hiring and dismissal of staff are the Labour Act, 2003 (Act 651) and the Labour Regulations. The provisions of the Labour Act mirror the International Labour Organisation Convention which has been ratified by Ghana.

The Labour Act applies to all workers and employers (with limited exceptions). It established the National Labour Commission to facilitate, inter alia, the settlement of industrial disputes.

A contract of employment for a period of six months or longer must be set out in writing with certain information such as the date of appointment, job title, wage rate and payment interval, work hours, overtime payment, annual leave and length of termination notice by the employer and the worker. The contract must be signed and dated by both parties.

Strict provisions govern the termination of an employee’s appointment. Prior notice is required to be given by the employer. A contract which is determinable by either party does not require the employer to give notice.

Examples of unfair termination include termination on the basis of gender, race, religion, colour, trade union affiliation or pregnancy.

A dissatisfied worker whose appointment has been terminated may file a complaint at the National Labour Commission.


5.2 What, if any, mandatory employment benefits must be provided to staff?

There are no mandatory benefits to be provided by an employer. However, there are employment rights which include:

- Paid annual leave of not less than 15 working days in a calendar year of continuous service.
- Paid statutory maternity leave of 12 weeks for female employees in addition to any annual leave entitlement.
- Paid sick leave (with a supporting medical certificate).
- Paid social security contributions.
- A maximum 40-hour week except in specified cases.

Additionally, every worker shall receive equal pay for equal work done without discrimination of any kind.

5.3 What, if any, hurdles must businesses overcome to bring employees from outside your jurisdiction into your jurisdiction? Is there a special route for obtaining permission for individuals who wish to work for fintech businesses?

A foreigner shall not be employed unless he has been granted a work permit or an immigrant quota. Ghanaian employers are prohibited from hiring workers without following the required legal processes. Applications are submitted to the Ghana Immigration Service by the Ghanaian employer on behalf of the foreign employee. The application form must be accompanied by specified documentation.

A prospective foreign employee is required to obtain both a work permit and a resident permit before moving to Ghana.

6 Technology

6.1 Please briefly describe how innovations and inventions are protected in your jurisdiction.

In Ghana, innovations and inventions are protected by intellectual property laws. The main pieces of intellectual property legislation are (i) the Trade Marks Act, 2004 (Act 664), (ii) the Copyright Act, 2005 (Act 690), (iii) the Patents Act, 2003 (Act 657), and (iv) the Industrial Designs Act, 2003 (Act 660).

6.2 Please briefly describe how ownership of IP operates in your jurisdiction.

The Trade Marks Act protects the rights of the owner of a registered trade mark against infringement. The infringer is liable to a fine, a prison sentence, or both.

The Copyright Act protects authors, co-authors and joint authors of literary, audio-visual, sound recording, artistic, choreographic, derivative and computer programming works.

Interestingly, folklore is also protected under the Copyright Act, with the rights being vested in the President on behalf of the people of Ghana.

Copyright lasts for 70 years after the death of the (last surviving) author. Folklore copyright lasts in perpetuity. The copyright owner has exclusive economic rights to the work. He can transfer the rights in whole or in part to another party. The Act details what constitutes copyright infringement. Though publishers are encouraged to submit their work for registration at the copyright office, copyright protection is not dependent on registration of the relevant work. Infringement results in either a fine, a prison sentence, or both.

The Patents Act protects the technological idea of an inventor (or multiple inventors), provided it is new or involves an inventive step, or is industrially applicable. There are exclusions. The patent holder may sue to enforce his rights.

The Industrial Designs Act protects the rights of the owners of industrial designs, defined as a composition of lines or colours, any three-dimensional form or any material, whether or not associated with lines or colours, or a textile design. Industrial Designs are registrable if they are new or original or significantly differ from known designs or combinations of known design features. The owner may take protective actions, including initiating court procedures, against infringers of his rights.
6.3 In order to protect or enforce IP rights in your jurisdiction, do you need to own local/national rights or are you able to enforce other rights (for example, do any treaties or multi-jurisdictional rights apply)?

In order to enforce or protect IP rights in Ghana, the rights must be registered. Ghana has acceded to some international IP treaties, which are applicable once ratified by Parliament, due to the dualist system.

6.4 How do you exploit/monetise IP in your jurisdiction and are there any particular rules or restrictions regarding such exploitation/monetisation?

Intellectual property rights may be exploited/monetised in different ways. Examples include joint ventures, sales, licensing agreements, collaboration agreements and mergers.
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Addison Bright Sloane is a full-service premium business law firm based in Ghana. We have deep industry knowledge across all key industry sectors in Ghana and the rest of Africa. We are straight talking, approachable, believe in long term client relationship investment and provide an excellent service to our clients. Addison Bright Sloane’s fintech experience is second to none. We advise on the full spectrum of legal and regulatory issues affecting fintech companies and on related areas such as financing, corporate, tax, data protection and privacy, cybersecurity, and intellectual property.

Our clients include payment companies, start-ups, other technology companies, banks, investment management companies, governments and telecoms and insurance companies.

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