



Cryptocurrency and Blockchain Regulation

Ghana



2023 Edition

Blockchain and Digital
Transformation in Africa.



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Note: The information provided here implicitly highlights various regulations and laws in the country that can potentially impact digital asset service providers operating in the country's crypto and blockchain landscape. While these laws do not explicitly address cryptocurrencies, they provide a foundation upon which regulations can be modified or adapted to accommodate the evolving crypto and blockchain landscape in the nation.

Overview

As a non-currency, the Bank of Ghana has banned cryptocurrency trading and use in Ghana. All Ghanaian exchange mediums must be sponsored and authorised by the bank. Meanwhile, cryptocurrency rules are still lacking. The Bank of Ghana's Payment Systems and Services Bill doesn't mention cryptocurrency. Until the bill passes, the bank discourages bitcoin[1].

Due to customary land ownership in Ghana, many landowners lack title deeds. Ghanaian startup Bitland is using blockchain technology to create duplicated official title papers to improve Land Commission of Ghana land records. Bitland claims landowners will get better bank loans and mortgages by registering land on the blockchain.

However, the Bank of Ghana's opposition of bitcoin and the Ghanaian Bill's unclear restrictions may lead to regulatory sanctions.

In 2018, the Bank of Ghana issued a notice on Bitcoin and other virtual currencies. The warning notes that the Payments System Act 2003 does not license these operations. The Bank of Ghana is improving payments and settlements, including digital money, and implementing cyber security guidelines for electronic financial operations. Parliament will consider a revamped Payments System and Services Bill to harmonize electronic payments with international standards. The Bank of Ghana is evaluating how blockchain technology in digital currencies fits into the global banking and payments ecosystem. For regulatory control, only Bank of Ghana-licensed institutions should be used. The Bank of Ghana protects financial stability and integrity.

[1] Bank of Ghana, "Bank Of Ghana Notice To Banks And Specialized Deposit-Taking Institutions (Sdis) And The General Public Digital And Virtual Currencies Operations In Ghana," 2018, <https://www.bog.gov.gh/wp-content/uploads/2019/07/Digital-and-Virtual-Currencies-Operations-in-Ghana.pdf>.

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In 2019, Ghana's Securities and Exchange Commission (SEC) warned against investing in cryptocurrencies and related platforms. The SEC, which promotes a fair and transparent securities market and protects investors, stresses that unregistered and unlicensed entities offering cryptocurrencies on online trading platforms are not authorized or registered by the SEC. Bitcoin, XRP, Lite Coin, and Ethereum are examples. The SEC states that none of these cryptocurrencies are legal money in Ghana and that SEC-licensed platforms do not trade them. The SEC says it does not control these cryptocurrency offers or their online trading platforms or exchanges. Thus, Ghanaian securities law does not protect investors in such cryptocurrencies or assets. The SEC should be contacted about cryptocurrencies, scams, and trading platforms. Securities Industry Act, 2016 (Act 929) governs the notice.[2]

In 2022, the Bank of Ghana has announced the launch of a digital and virtual currency named "Freedom Coin" in Ghana. The notification adds that neither the cryptocurrency nor its promoter has Bank of Ghana authorisation to operate in the banking and payment sector[3]. The Bank reiterated that cryptocurrencies like Bitcoin are still unregulated and unprotected. Cryptocurrency trades should be done cautiously. Again, all licensed organizations—banks, specialized deposit-taking institutions, electronic money issuers, and payment service providers—are prohibited from supporting cryptocurrency transactions through their platforms or agent outlets.

[2] Securities And Exchange Commission, "Ensuring Investor Protection' Securities And Exchange Commission, Ghana Public Warning On Investment And Trading In Crypto- Currencies And Their Digital Platforms," 2019, https://sec.gov.gh/wp-content/uploads/Public-Notices/Public_Note_Cryptocurrency_Regulatory_Warning.pdf.

[3] Bank of Ghana, "Notice To The General Public On A Digital And Virtual Currency Operation In Ghana Called 'Freedom Coin' Notice No BG/GOV/SEC/2022/03," 2022, <https://www.bog.gov.gh/wp-content/uploads/2022/03/Notice-on-Digital-Virtual-Currency-Operations-in-Ghana-Called-Freedom-Coin-9th-March-2022.pdf>.

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Noteworthy, the Bank of Ghana (BoG) is open to discuss a complete cryptocurrency regulatory framework with stakeholders. At an Accra summit in 2022, BoG Head of FinTech and Innovation Kwame Oppong conveyed this observation. Cryptocurrencies are not legal tender in Ghana because they are unregulated. The central bank warns against cryptocurrency transactions. However, Oppong said the agency is willing to working with the crypto ecosystem if it emphasizes consumer welfare[4].

Cryptocurrency skeptics worry about fraud and money laundering; therefore, regulators are adding KYC verifications. The Bank of Ghana supports technology and encourages collaboration to meet its goals. The summit fostered financial inclusion-focused innovation in Ghana's digital landscape. Thus, stakeholder-regulator engagement was expected to improve after the conference.

[4] Ezra Reguerra, "Bank of Ghana to Foster Financial Inclusion through CBDC Project," Cointelegraph, September 28, 2022, <https://cointelegraph.com/news/bank-of-ghana-to-foster-financial-inclusion-through-cbdc-project>.



Payment Systems and Services Bill

The Algerian Ghana's Payment Systems and Services Act of 2019 regulates electronic money businesses, payment systems, and payment services. It applies to banks, specialist deposit-taking institutions, specialized digital currency issuers, payment vendors, affiliates of financial organizations, and agents. Licensing and approval, supervision and reporting requirements, safety for customers, development and a title of payment systems, consumer data and transactions obligations, transfer closure and insolvency, proof of transfer, clearing house processes, collection and validation of payment methods, authorization to use agents, and general provisions are covered by the Act. Ghana's payment procedures and amenities will be more secure, efficient, and transparent under the Act[5].

The present legislation should be considered in conjunction with relevant existing laws, which notably include the following enactments:

- (a) The Bills of Exchange Act, 1961 (Act 55)
- (b) The Companies Act, 1963 (Act 179)
- (c) The Bank of Ghana Act, 2002 (Act 612)
- (d) The Electronic Communications Act, 2008 (Act 775)

[5]Bank of Ghana, "Payment Systems and Services Act of 2019 " (2019), <https://www.bog.gov.gh/wp-content/uploads/2019/08/Payment-Systems-and-Services-Act-2019-Act-987-.pdf>.



Payments System Act 2003

Ghana's Payment Systems Act, 2003 (Act 662) regulates electronic and other payment, clearing, and settlement systems. It addresses payment system rights and duties and transacting and intermediating parties[6].

Key Act provisions:

1. **Payment Systems:** The Bank of Ghana establishes, operates, promotes, and supervises payment systems. It can also designate other national payment systems for supervision.
2. **Access to Participation:** The Bank of Ghana can allow licensed banks, financial institutions, and other relevant entities to participate in established payment systems if they contribute to system efficiency. If an institution's involvement no longer benefits system efficiency, the Bank can remove accessibility.
3. **System Supervision:** The Bank of Ghana oversees approved payment systems. Demanding information from system operators, checking important premises and documents, and issuing directions to ensure efficient and public interest-oriented system operation.
4. **Systemic Risk:** If the Bank of Ghana finds systemic risk in a payment system or observes activities against the public interest or system security, it can issue written directives to fix the problem, stop certain actions, or provide necessary information and documents. The Bank may protect the system while taking legal action for non-compliance.

These are some Act highlights. The Payment Systems Act, 2003 covers client information, transaction requirements, finality and insolvency, general regulations, and offenses.

[6] Dennis Law, "PAYMENT SYSTEMS ACT 2003 (ACT 662)," www.dennislawgh.com, 2003, <https://www.dennislawgh.com/law-preview/payment-systems-act/1003>.



Securities Industry Act, 2016 (Act 929)

The Securities Industry Act, 2016 (Act 929) of Ghana establishes the Securities and Exchange Commission to regulate and promote an efficient, fair, and transparent securities market that protects investors and the market's integrity. The Commission advises the Minister on securities matters, oversees and regulates securities industry entities, formulates industry guidelines, monitors license holders' solvency, prevents market abuse and insider trading, resolves conflicts of interest, approves and regulates business combinations, ensures orderly market growth, and performs functions as specified in the Companies Act 1963 [7].

[7] Securities and Exchange Commission Ghana, "Securities Industry Act, 2016 (Act 929)" (2016), [https://sec.gov.gh/wp-content/uploads/Securities-Industry-Laws/Securities Industry Act 2016 Act 929.pdf](https://sec.gov.gh/wp-content/uploads/Securities-Industry-Laws/Securities_Industry_Act_2016_Act_929.pdf).

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