



**NATIONAL ANTI-MONEY LAUNDERING,
COUNTERING THE FINANCING OF
TERRORISM AND PROLIFERATION
FINANCING (AML/CFT/CPF) RISK
ASSESSMENT OF GHANA**

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ACRONYMS

ACCAMRO	- Association of Capital Market Compliance and Anti-Money Laundering Reporting Officers
AI	- Accountable Institution
AML	- Anti-Money Laundering
AMLRO	- Anti-Money Laundering Reporting Officer
AQIM	- Al-Qaeda in the Islamic Maghreb
ATM	- Automated Teller Machine
AU	- African Union
AUM	- Assets Under Management
BO	- Beneficial Owner
BoG	- Bank of Ghana
CBO	- Community Based Organisation
CDD	- Customer Due Diligence
CFT	- Countering the Finance of Terrorism
CID	- Criminal Investigation Department
COCOBOD	- Ghana Cocoa Board
CPF	- Countering Proliferation Financing
CTR	- Cash Transaction Report
DEMI	- Dedicated Electronic Money Issuers
DI	- Defence Intelligence
DNFBP	- Designated Non-Financial Business or Profession
DSW	- Department of Social Welfare
ECOWAS	- Economic Community of West African State
EMI	- Electronic Money Issuer
EUDR	- European Union Deforestation Regulation
CMS	- Cocoa Management System
EOCO	- Economic and Organised Crime Office
ETFs	- Exchange Traded Funds
FATF	- Financial Action Task Force
FBO	- Faith Based Organisation
FEBMS	- Foreign Exchange Bureaux Management Software
FEPs	- Financially Exposed Persons

FI	- Financial Inclusion
FIC	- Financial Intelligence Centre
FIO	- Fintech and Innovation Office
FL&M	- Finance, Leasing and Mortgage
GAREB	- Ghana Association of Real Estate Brokers
GBA	- Ghana Bar Association
GHIPSS	- Ghana Interbank Payment and Settlement Systems
GHIS	- Ghana Institute of Surveyors
GIABA	- Intergovernmental Action Group against Money Laundering in West Africa
GIZ	- Deutsche Gesellschaft für Internationale Zusammenarbeit
GLC	- Ghana Legal Council
GPS	- Ghana Police Service
GSM	- Global System for Mobile Communications
GTI	- Ghana Terrorism Index
GRA	- Ghana Revenue Authority
GREDA	- Ghana Real Estate Development Agency
GREPA	- Ghana Real Estate Professionals Association
JHIM	- Jama'a Nusurat Ul-Islam Wa Al-Muslimin
LBC	- Licence Buying Companies
ICAG	- Institute of Chartered Accountants, Ghana
ICMPD	- International Centre for Migration Development
ICUMS	- Integrated Customs Management System
IFF	- Illicit Fund Flows
IMC	- Inter-Ministerial Committee
IMF	- International Monetary Fund
INTERPOL	- International Criminal Police Organization
ISIS	- Islamic State of Iraq and Syria
KYC	- Know Your Customer
LEA	- Law Enforcement Agency
LECOB	- Law Enforcement Coordinating Bureau
MFARI	- Ministry of Foreign Affairs and Regional Integration
MFIs	- Microfinance and Microcredit Institutions
MINCOM	- Minerals Commission
MGCSP	- Ministry of Gender, Children and Social Protection

ML	-	Money Laundering
MLAT	-	Mutual Legal Assistance Treaty
MOs	-	Market Operators
MOBILE MONEY	-	Mobile Money
MVTS	-	Money or Value Transfer Service(s)
NACOC	-	Narcotics Control Commission
NAFPCVET	-	National Framework for Preventing and Countering Violent Extremism and Terrorism
NBFIs	-	Non-Bank Financial Institutions
NIA	-	National Identification Authority
NIB	-	National Intelligence Bureau
NIC	-	National Insurance Commission
NPO	-	Non-Profit Organisation
NPOS	-	NPO Secretariat
NPRA	-	National Pension Regulatory Authority
NSCS	-	National Security Council Secretariat
OFIs	-	Other Financial Institutions
ORC	-	Office of the Registrar of Companies
PEP	-	Political Exposed Persons
PF	-	Proliferation Financing
PMMC	-	Precious Mineral Marketing Company
POS	-	Point -of -Sale
PSPs	-	Payment Service Providers
P2P	-	Peer-to-Peer
REAC	-	Real Estate Agency Council
REIT	-	Real Estate Investment Trust
RCBs	-	Rural and Community Banks
RMA	-	Relationship Management Applications
SDD	-	Simplified Due Dilligence
S&L	-	Savings and Loans
STR	-	Suspicious Transactions Report
SRBs	-	Self-Regulating Bodies
TELCOs	-	Telecom Companies
TF	-	Terrorism Financing

UBO	-	Ultimate Beneficial Owner
UN	-	United Nations
UNSCR	-	United Nations Security Council Resolution
USSD	-	Unstructured Supplementary Service Data
VASPs	-	Virtual Assets Service Providers
WAEMU	-	West African Economic and Monetary Union
WAMEP	-	West Africa Network for Peacebuilding
WMD	-	Weapons of Mass Destruction

FOREWORD

It is with great responsibility and commitment to the continued growth and security of our economy that we present the National Risk Assessment (NRA) of Ghana. As a nation, Ghana recognizes the importance of safeguarding its economy from illicit activities such as money laundering (ML), terrorism financing (TF) and proliferation financing (PF). The NRA provides a thorough evaluation of the country's threats and vulnerabilities related to ML/TF/PF as well as a strategic roadmap for addressing these identified risks to ensure the integrity and stability of the economy.

This assessment has been conducted by adopting a wholistic approach where all relevant stakeholders including regulators, law enforcement agencies and other competent authorities participated in the exercise. The private sector represented by different sectors which are vulnerable to ML/TF/PF also participated in the exercise thus enabling the country to obtain and benefit from the widest possible range of information and views on the areas assessed.

With strong trading ties to the rest of the globe, Ghana is a key regional center for commerce and trade as well as a gateway to the economies of neighboring West African countries. This geo-positioning facilitates legitimate commerce which has enabled the country to grow economically. This, however, also exposes the country to ML/TF/PF risks.

While Ghana has made significant strides in enhancing its regulatory and supervisory frameworks in recent years, we acknowledge that the fight against financial crime is an ongoing process. Thus, it is imperative that we continuously adapt and improve our strategies to combat these risks.

Therefore, the NRA Report is intended to inform the Government on the country's ML/TF/PF risks and vulnerabilities; to identify the sectors that carry a potentially higher or lower risk as well as guide the Government's response to the identified risks. Additionally, the findings of the NRA will guide the development of policies and measures aimed at strengthening the capacity of our regulatory frameworks and institutions to prevent, detect and respond to financial crimes. It will further provide basis for resource allocation in combating ML/TF/PF in a more efficient manner and in implementing a risk-based approach.

I take this opportunity to thank all the stakeholders who participated in this important national exercise.

The Government of Ghana remains committed to implement the recommendations of the NRA report as set out in the resultant National AML/CFT/CPF Policy and Action Plan, fostering a robust and effective approach to combating ML/TF/PF. Together, we can secure the future of our economy and reinforce Ghana's position as a stable and reliable financial hub in the global economy.



DR. CASSIEL ATO FORSON, MP

Minister of Finance

Chairman, Inter-Ministerial Committee (IMC)

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER, FIC

Money laundering remains a going concern for the West African sub-region because it facilitates and conceals crime and can distort markets and the broader financial system. Ghana's position in the sub-region exposes it to a wide range of financial crime threats, given our role as a financial hub in West Africa and our proximity to countries facing terrorist activities and political instability.

In the continuous efforts to strengthen Ghana's AML/CFT/CPF regime, Ghana embarked on a national risk assessment (NRA) exercise. The NRA was built on previous assessments conducted in 2016 which was subsequently updated in 2018 providing valuable insight into Ghana's AML/CFT/CPF landscape. The NRA exercise was conducted in 2024 using the World Bank National Risk Assessment and Rusi CPF Assessment tools.

The NRA was a comprehensive exercise that involved extensive data collection, sectorial analysis and stakeholder consultations. Through a risk-based approach, we assessed the ML/TF/PF threats and vulnerabilities across various sectors including banking, insurance, other financial institutions, securities, Designated Non-Financial Business or Profession (DNFBP) and Non-Profit Organisations (NPOs). Other areas included national threat, national vulnerability, terrorism financing, proliferation financing and financial inclusion. The report further outlines key recommendations to strengthen our AML/CFT/CPF regime.

The successful completion of this report would not have been possible without the invaluable contributions of all stakeholders. I therefore extend my sincere gratitude to the government, regulatory bodies, law enforcement agencies, competent authorities, judiciary, private sector, all working group members and our international partners especially Intergovernmental Action Group Against Money Laundering in West Africa (GIABA) for their immense support to this exercise.

As we prepare for Ghana's Third (3rd) Round of Mutual Evaluation exercise, I urge all stakeholders to review the findings and implement recommendations as well as apply risk-based approach into their operations.

MR. ALBERT KWADWO TWUM BOAFO

Chief Executive Officer

Financial Intelligence Centre, Ghana



EXECUTIVE SUMMARY

The National Risk Assessment (NRA) of Ghana is a comprehensive evaluation of the country's exposure to various threats and vulnerabilities related to money laundering (ML), terrorism financing (TF) and the financing of proliferation of weapons of mass destruction (PF).

In 2016, Ghana conducted its first NRA which was subsequently updated in 2018 to reflect the ML/TF risk level of the country at the time. In response to some of the deficiencies identified in Ghana's AML/CFT regime during the second (2nd) Mutual Evaluation exercise in 2017, the country conducted sectoral risk assessment on Non-Profit Organisations (NPO) and Legal Persons and Arrangements (LPAs) in 2019 to ascertain how vulnerable NPOs and LPAs are for ML/TF abuse and recommend mitigating measures. It is worth noting that these risk assessments have significantly influenced the trajectory of Ghana's AML/CFT regime, promoting reforms such as improvements to the legal framework and establishment of new agencies.

The primary objective of the 2024 NRA is to further identify, assess and understand the ML/TF/PF risks within the country as well as develop strategic measures to mitigate these risks effectively. The findings of the assessment provide a clear understanding of Ghana's susceptibility to emerging financial crimes and contribute to the development of stronger legal and regulatory frameworks in line with international standards.

Ghana utilized the World Bank National Risk Assessment and RUSI CPF Assessment Tools to undertake the NRA exercise. This exercise comprised thirteen (13) working groups including national threat, national vulnerability, banking, securities, insurance, other financial institutions, financial inclusion, Designated Non-Financial Business or Profession (DNFBP), terrorism financing, proliferation financing, legal persons and legal arrangements, Non-Profit Organisations (NPOs) and other sectors of importance.

Ghana's economy, while robust, faces ML/TF/PF challenges just like other countries in the sub-region due to the increasing sophistication of financial crimes. In assessing the national threat of Ghana, it was revealed that in recent years, the major predicate offences confronting Ghana are fraud, forgery, tax offences as well as drug trafficking. The overall ML threat was rated as Medium which depicts an improvement from the previous medium high rating.

The lack of regulation in the real estate sector, inadequate supervision of the NPO sector and lack of timely access to reliable beneficial ownership information remained distinct vulnerabilities in Ghana's AML/CFT/CPF system. However, Ghana has since its Second (2nd) Round of Mutual Evaluation exercise, worked expeditiously to close these long-standing gaps. Thus, the enactment of the Companies Act, 2019 (Act 992), Companies Regulations, 2023 (L.I. 2473) and the establishment of beneficial ownership register housed at the Office of the Registrar of Companies (ORC) have fundamentally enhanced corporate transparency and addressed the country's most significant and longstanding gap in its AML/CFT/CPF regime. Additionally, in 2019, Ghana issued the "Directive for the Management of Non-Profit Organisations Operations in Ghana" and the "National Non-Profit Organisation (NPO) Policy". The NPO Directive further established the NPO

Secretariat (NPOS), a body responsible for the effective supervision of the Financial Action Task Force (FATF) defined NPOs to prevent their abuse for TF purposes. Additionally, by dint of hard work, the government enacted the Real Estate Agency Act, 2020 (Act 1047) which established the Real Estate Agency Council (REAC) responsible for supervising and addressing the ML/TF/PF vulnerabilities in the real estate sector.

Further to the above, Ghana has enacted or amended a number of laws such as the Cybersecurity Act, 2020 (Act 1038), Anti-Money Laundering Act, 2020 (Act 1044) and Insurance Act, 2021 (Act 1061). The BoG/FIC Anti-Money Laundering/Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (AML/CFT&P) Guideline, 2022; BoG/FIC (AML/CFT/CPF) Administrative Sanctions/Penalties for Accountable Institutions in Ghana, 2022; SEC/FIC Anti-Money Laundering/Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (AML/CFT&P) Guideline, 2023; SEC/FIC (AML/CFT/CPF) Administrative Sanctions/Penalties for Accountable Institutions in Ghana, 2024; AML/CFT & P Guidelines for Foreign Exchange Bureaux, 2024, have also been issued to enhance the AML/CFT/CPF regime. These legislations among others have enhanced supervision, interagency cooperation, information sharing, deepened AML/CFT/CPF awareness among reporting entities and the general public. These measures have significantly reduced the national ML vulnerability from medium to a medium Low rating. The overall ML risk of Ghana is rated Medium.

In terms of TF, the overall risk is rated Low as there is no terrorist groups identified to be operating in Ghana. Additionally, the government has put in place robust measures including the setup of the Fusion Centre and strong coordination and cooperation mechanisms on AML/CFT/CPF with domestic, regional and international bodies at both policy and operational level to safeguard the jurisdiction from being used to raise, move or store funds for terrorism purposes.

The NRA revealed that Ghana has not been directly or indirectly targeted by international sanctions or identified as a primary hub for known PF networks. Subsequently, the country has implemented adequate measures to ensure that individuals or jurisdictions designated by the UNSC do not use jurisdiction in the evasion of any such sanctions as well as adherence to international treaties for controlling dual-use goods and law enforcement capacity to investigate and prosecute PF cases. These substantiate an overall Low PF rating for Ghana.

While Ghana has made giant strides, there exist weak supervision in some of the DNFBP sector, the non-existence of legal framework for legal arrangements, limited resources for some competent authorities as well as non-passage of the NPO Bill.

The NRA further emphasizes the need for enhanced coordination between government agencies, accountable institutions and international bodies to address emerging risks effectively. A key recommendation is the implementation of effective customer due diligence (CDD) measures among the DNFBPs. Through the implementation of recommended measures, Ghana can further reduce its vulnerability to ML/TF/PF, while promoting a safer and more secure economy.

In conclusion, this risk assessment serves as a prologue to the 2025 National Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) Policy. The 2025 Policy provides a detailed roadmap of actions that Ghana should take to further strengthen its AML/CFT/CPF regime and address both novel and lingering AML/CFT/CPF risks.



INTRODUCTION

This National Risk Assessment (NRA) report identifies and assesses the most significant money laundering, terrorism financing and proliferation financing (ML/TF/PF) threats, vulnerabilities and risks faced by Ghana. With a gross domestic product (GDP) of 76.37 billion USD (2023 est), the second largest economy in the West African sub-region and surrounded by instability and terrorist attacks by its neighboring countries in the Sahel region, Ghana has the tendency of being susceptible to ML/TF/PF risk. This exposure can also be attributed to Ghana's peace, stability and its position as a trade hub in the region and the global economy's payment infrastructure.

This NRA reflects an evolving understanding of the key ML/TF/PF threats, including crimes that generate illicit proceeds and perpetrators involved in these criminal activities. This report identifies tax evasion, forgery and fraud as the most prevalent predicate offences. Defrauding by false pretenses, falsification of accounts and cybercrimes such as romance fraud, email compromise remain the most prevalent fraud schemes used in Ghana.

In addition, this report includes a "special focus" on risks that were not identified or fully addressed in previous national risk assessments. Particular mention is the assessment of Proliferation financing vulnerabilities in Ghana, ML risk associated with the use of legal persons and legal arrangements as well as the terrorism financing risk associated with the abuse of NPOs in Ghana.

Specifically, the 2024 NRA highlights how humanitarian, educational and Faith Based Organisations (FBOs) are more susceptible to TF abuse. It further revealed that NPOs engaged in any of the above-mentioned activities along the northern and western borders of Ghana are at a risk of being used for TF purpose. This is sequel to the growing political instability and terrorist activities within the Sahel regions along the western and northern borders of Ghana.

With regards to corruption, public perception of corruption in Ghana often exceeds the actual data on corruption, indicating a significant discrepancy between how corruption is perceived and the data reported as highlighted in the UNODC 2022 Corruption Report on Ghana. The report indicates that while corruption is a serious concern, public sentiment about its prevalence and impact is often more pronounced than the available evidence provided by official data and investigations. That notwithstanding, the government of Ghana continue to empower the Office of the Special Prosecutor (OSP) as well as Commission on Human Rights and Administrative Justice (CHRAJ) to carry out its mandate of ensuring that corrupt officials are penalised.

While Ghana has many legal, supervisory and enforcement mitigation measures in place to prevent, detect and stop ML/TF/PF, criminals continue to seek, identify and exploit gaps in these measures.

Financial institutions, though have robust AML/CFT/CPF measures, face some minimum vulnerabilities. Analysis of these vulnerabilities, including occasional AML/CFT/CPF compliance deficiencies, is a key feature of this report. Additionally, this report highlights the vulnerability in the real estate sector as well as dealers in precious metals and stones with a focus on inadequate supervision.

The introduction of digital payments such as mobile money and an effective interoperability system in Ghana is gradually reducing the use of cash as a medium of payment which is essential in eradicating the vulnerability associated with cash intensive economies. While Ghana has made significant strides in ensuring financial inclusion and encouraging digital payments, there is the need for drastic measures to reduce the heavy reliance on the use of cash for payments.

In view of the above, this assessment is being conducted in compliance with Recommendation 1 of FATF 40 recommendations as revised, to identify, assess and understand both existing vulnerabilities and emerging threats in the banking, insurance, securities, NPOs and DNFBP that may undermine Ghana's progress in combating ML/TF/PF. In a rapidly evolving global environment, this assessment serves as a vital tool for informing robust national policy reforms, enhancing regulatory measures, empowering law enforcement agencies and fostering interagency collaboration and sectoral collaboration among regulators thereby strengthening the resilience of Ghana's AML/CFT/CPF ecosystem.

OBJECTIVES

The objectives of the NRA were to:

- a. identify, assess and understand emerging ML threats and vulnerabilities among the various sectors
- b. identify FATF defined NPOs and the level of TF risk they pose
- c. identify, assess and understand the ML risk associated with legal persons and legal arrangements in the country
- d. identify, assess and understand the level of TF/PF risk in the country
- e. evaluate existing legislation, policies and operational strategies in mitigating the identified risks by highlighting both strengths and areas in need of improvement
- f. propose targeted mitigating measures that align with international best practices

METHODOLOGY

In order to achieve the set goals, a multidisciplinary team of about one hundred and thirty (130) personnel with diverse expertise representing both the public and private sector as well as the academia was formed. This included personnels from ministries, competent authorities, law enforcement agencies, regulatory bodies, self-regulatory bodies and representatives from the private sector such as banking, securities, insurance, law firms, notaries, accountancy, real estate, gaming, dealers in precious metals and stones, civil society and NPOs.

The team was chaired by the Chief Executive Officer of the Financial Intelligence Centre (FIC) and was subsequently subdivided into thirteen (13) working groups focusing on 13 thematic areas namely, national threat, national vulnerability, banking, securities, insurance, other financial institutions, financial inclusion,

DNFBP, terrorism financing, proliferation financing, legal persons and legal arrangements, NPO and other sectors of importance.

All working groups with the exception of the proliferation financing working group used the World Bank NRA Tool in assessing and identifying the money laundering risk in the various sectors. The RUSI CPF Risk Assessment Tool was used in assessing the PF risk in Ghana. These tools were used in gathering both quantitative and qualitative information from a broad range of sources.

The 2024 NRA process involved the collection, analysis of data and drafting of report with recommended actions. The exercise relied on both primary and secondary data spanning from 2019 to 2023 from the law enforcement agencies, judiciary, relevant competent authorities, regulatory bodies, accountable institutions, NPOs and court documentations. The NRA also utilized information from FIC as well as various types of enforcement actions taken by regulatory bodies and courts of competent jurisdiction.

Questionnaires developed by some of the working groups, were based on the variables in the respective tools. The questionnaires contained both closed and open-ended questions aimed at, eliciting the views of the sampled respondents. Interviews were also employed to confirm some of the responses provided in the questionnaires and to elicit clarifications. Other sources of data included Ghana's Mutual Evaluation reports and Follow-Up reports, previous NRA reports, sectoral risk assessment reports, FATF 40 Recommendations, GIABA typologies, FIC Annual Reports, among others.

LIMITATIONS

The NRA exercise was confronted with some limitations which are discussed below:

1. Data request and questionnaires were not responded to in a timely manner
2. Some institutions lacked adequate Management Information System (MIS) to generate the required data requested
3. The assessment was conducted within a limited time frame
4. Members of some working groups had conflicting job schedules, which posed challenges in coordinating meetings and discussions

NATIONAL MONEY LAUNDERING THREAT

Introduction

Money Laundering (ML) poses some threat to Ghana's economic stability and integrity. The country has become a target for illicit financial activities due to its strategic location in West Africa and the growing complexity of its financial systems. Various predicate offences, including drug trafficking, corruption, fraud and organized crime, contribute to the ML landscape. The financial sector, real estate sector and informal markets are particularly exposed to these ML threats. Additionally, cross-border activities, including the use of shell companies and international remittances, obscure the detection and prevention of ML. Consequently, the government of Ghana together with various Law Enforcement Agencies (LEAs) and competent authorities continue to make strides in enhancing its Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) framework to mitigate the risks associated with these illicit activities.

This section of the report focuses on the comprehensive assessment of ML threats facing Ghana, identifying the various predicate offences and cross border ML threat.

Predicate Offences (Break Down Analysis)

The aim of this analysis is to identify and evaluate the types of predicate offences which pose the highest threat to ML.

Fraud

Fraud is one of the predicate offences of ML that remains a pervasive issue in Ghana, with various fraudulent schemes targeting individuals and businesses across different sectors. Defined by the Criminal Offences Act, 1960 (Act 29), as amended, fraud involves forgery, falsification or other unlawful acts intended to defraud. Intent to defraud means causing monetary gain to oneself at another's expense through dishonest means. Common types of fraud include defrauding by false pretences, falsification of accounts, state revenue-related frauds like invoicing/VAT frauds and cybercrimes such as romance fraud, email compromise and advance fee fraud. Urban areas, with higher internet and financial transaction usage, experience more fraud than rural areas. From 2019 to 2023, LEAs investigated 27,043 fraud cases, charged 635 culprits with ML, prosecuted 531, and successfully convicted 111 cases, with the yearly distributions as follows:

	2019	2020	2021	2022	2023
No. of Fraud cases investigated	20654	1842	1592	1603	1352
No. of Fraud cases charged with ML	62	105	141	134	193
No. of Fraud cases prosecuted	3	75	163	175	115

No. of ML Convictions based Fraud cases	3	13	44	29	22
No. of Assets seized/frozen	32	261	26	70	30
Value of Assets seized/ frozen	Gh¢31,522,963	Gh¢39,988,405.52 US\$270,051.12 £150,000.00 €40,000.00	Gh¢314,380,984	Gh¢3,906,354	Gh¢58,064,905
No. of Assets Confiscated	5	2	2	2	2
Value. Of Assets Confiscated	Gh¢3,178,122.25	GBP 10,000.00 US\$ 20,000.00 Gh¢ 141,000.00	Gh¢6,200,000.00	US\$303,000.00 Gh¢97,873.18	£27,000.00 Gh¢453.862.59

Source: LEAs in Ghana, 2024

The above data indicates a significant decrease in fraud offences investigated in Ghana from 2019 to 2023. This decline is due to improved preventive measures, effective legislation, increased public awareness, technological advancements, collaborative efforts, proactive compliance and reduced opportunities for fraud. The number of fraud cases prosecuted increased from 2019 to 2022 due to interagency collaboration and targeted trainings to the LEAs and judiciary.

From 2019 to 2022, the Ghana Police Service (GPS) implemented policies and reforms to enhance community engagement, professionalism, technology integration and operational efficiency such as the Community Policing Programmes. Similarly, technology for crime prevention has seen an improvement with surveillance systems and digital platforms deployed. Data-driven policing strategies and modernized equipment have also been prioritised in recent years.

Additionally, there have been some significant changes to the legal framework such as the Security and Intelligence Agencies Act, 2020 (Act 1030) which mandates the NIB to gather intelligence against organised crime. The Payment Systems and Services Act, 2019 (Act 987) and the Cyber Security Act, 2020 (Act 1038) expanded predicate offences for ML charges. The Financial Intelligence Centre's (FIC) continuous engagement with the relevant stakeholders improved LEAs knowledge and approach to financial crimes. Also, the data provided by FIC on fraud through the dissemination of Intelligence Reports (IRs) to LEAs resulted in some prosecutions and convictions in 2019 and 2021, as shown in the table below.

	2019	2020	2021	2022	2023
No. of IRs sent by FIC to LEAs	13	12	9	6	22
No. of Investigations initiated based on IRs	13	12	9	6	22
No. of Prosecutions	2	1	2	0	0
No. of ML Conviction based on IRs	2	0	1	0	0

Source: FIC & LEAs, 2024

This data highlights FIC's consistency in disseminating IRs to LEAs annually. Although the number of IRs varied each year, FIC maintained a steady flow of intelligence, demonstrating a strong commitment to identifying and reporting suspicious activities.

Moreover, LEAs responded to IRs received from FIC, initiating investigations for each case. This responsiveness indicates that the intelligence provided by FIC on fraud was actionable and effectively spurred investigative efforts.

Below are some of the cases that FIC assisted the relevant agencies to undertake.

Case Study 1: *Republic vs. Emmanuel Inusah (2022)*.

FIC received a report on Emmanuel Inusah, a 31-year-old Ghanaian. Investigations revealed that, he orchestrated a complex fraud scheme targeting vulnerable individuals in the United States of America. Using false personas like “Mariama” and “Grace,” he deceived victims into transferring large sums of money for fictitious reasons, such as paying overdue taxes on a fake gold inheritance and maintaining a non-existent cocoa plantation. FIC disseminated an intelligence report to LEAs for investigations. Investigations revealed that victims from Alabama, Washington, Ohio and Florida were affected. Inusah faced charges of defrauding by false pretences, wire fraud and conspiracy to commit ML. He was found guilty on all charges and sentenced to 50 years imprisonment for causing significant financial losses and emotional distress to his victims.

Case Study 2: *Republic vs. Amos Agbomadzi (2022)*

A bank filed a suspicious activity report on their employee, one Amos Agbomadzi. FIC disseminated intelligence report to an LEA for investigations. Outcome of investigations showed that Agbomadzi executed a sophisticated fraud scheme involving unauthorized withdrawals, fake loans, and forged documents, embezzling substantial sums over time. Agbomadzi was charged with laundering illicit proceeds, of banking fraud and ML from these fraudulent activities. Subject was subsequently convicted on all charges and sentenced to a significant term of imprisonment.

Drug Trafficking

Ghana in 2020 enacted the Narcotics Control Commission Act, 2020 (Act 1019) to further strengthen the regime against drug trafficking. The Act defines various narcotic drug offences, including the illegal importation, exportation and re-exportation of narcotic drugs and plants without a licence. It prohibits unlawful possession or control of these substances for personal use or trafficking, with penalties involving fines and imprisonment. Act 1019 bans unauthorized production, processing, manufacturing, distribution and sale of narcotic drugs or plants, and criminalizes the possession of related equipment and materials. It addresses unlawful cultivation, unauthorized administration and illegal purchase of narcotic drugs or plants.

Act 1019 has strengthened Ghana’s legal framework against drug trafficking and abuse. The Narcotics Control Commission (NACOC) coordinates efforts to combat drug-related offences, implementing and enforcing Act 1019. The NACOC is empowered to conduct searches, seizures, and arrests, dismantle trafficking networks, confiscate assets from illegal drug activities and collaborate internationally. Ghana’s National Drug Control Policy and Drug Abuse Prevention Programs aims to reduce drug abuse and trafficking through public education and promoting healthy lifestyles.

Collaborative efforts among agencies like NACOC, GPS and Customs Division of the Ghana Revenue Authority (GRA) have been strengthened to facilitate information sharing and coordinate actions against drug trafficking. Community involvement initiatives raise awareness and encourage reporting of suspicious activities. Ghana actively engages in international cooperation, including the West Africa Coast Initiative (WACI) to tackle drug trafficking networks.

Data from NACOC indicates a growing focus on drug trafficking offences from 2020 onward, with investigations increasing each year. These trends reflect NACOC increasing efforts to combat drug trafficking in the country, demonstrating a commitment to addressing these issues despite challenges.

Asset seizure and confiscation efforts have notably intensified, with 208 assets seized in 2023, highlighting a proactive approach by authorities to disrupt the financial networks supporting drug trafficking. Below is the yearly distribution:

	2019	2020	2021	2022	2023
No. of drug trafficking offences investigated	0	66	83	73	89
No. of drug trafficking charged with ML	0	2	1	1	2
No. of drug trafficking cases prosecuted	0	9	8	9	5
No. of ML Convictions based on drug trafficking offences	0	1	1	1	3
No. of Assets Seized/ Frozen	0	27	8	11	208
Value of Assets seized/ frozen	Gh¢0	Ghc1,622,010	Gh¢1,985,881	Gh¢2,521,000	Gh¢799,510.08
No. of Assets confiscated	0	27	0	0	208
Value. Of Assets Confiscated	Gh¢0.00	Ghc1,622,010	Gh¢0.00	Gh¢0.00	Gh¢799,510.08

Source: NACOC, 2024

The WENDU Report 2020-2022, highlights the total net weight of drugs seized for the period under review in the table below.

Variable	Quantity of Substances (kg)		
	2020	2021	2022
Cannabis	8228.34	418511.87	61716.43
Cocaine	158.91	32.50	117.01
Heroin	28.94	56.06	0
Others	0	11.69	Methamphetamine=2.26kg Amphetamine =13.65

Quantities of controlled drugs seized, by type, in Ghana, 2020-2022

Below are some notable drug trafficking cases in which prosecutions have been successful.

Case Study 3: *Republic vs. Emmanuel Adu-Mensah and others*

On February 25, 2019, NACOC arrested four members of a drug syndicate. They were suspected of offences under the Narcotics Drugs (Control and Enforcement and Sanctions) PNDC Law 236, with seized substances including herbal cannabis, heroin, cannabis oil (hashish) and

cannabis drier equipment. Additionally, a substantial amount of money and various assets were confiscated. In 2022, one member was convicted and sentenced to 15 years imprisonment. By April 2024, two others were also convicted and sentenced to 15 years for charges of possession, trafficking and ML. The court is yet to pass judgment on the confiscated assets.

Case Study 4: *Republic vs. Uruakawa Christopher Obi and Martha*

On June 12, 2020, the Drug Law Enforcement Unit (DLEU) apprehended Uruakawa Christopher Obi, a Nigerian national, in Aflao, a border town in Ghana, following actionable intelligence. A search of his residence revealed various narcotics, including brownish and rocky substances, plant materials and tramadol tablets, along with suspected proceeds from the drug trade. Obi implicated his second wife, Martha, leading to her arrest and the seizure of additional narcotics. On April 27, 2022, Uruakawa Christopher Obi was found guilty and sentenced to 12 years imprisonment for his involvement in drug trafficking.

Forgery

Section 158 of Act 29 addresses forgery of judicial or official documents as a second-degree felony, while Sections 159 to 162 of Act 29 cover misdemeanors related to forging various documents, trademarks, hallmarks and stamps. Section 164 of Act 29 refers to forgery as document alterations with deceptive intent and Sections 165 and 166 of Act 29 cover possession of forgery tools and forged documents. Section 169 of Act 29 criminalises the use of forged documents knowingly.

Forgery, though not widespread, impacts several sectors. In the financial sector, it affects cheques, loan agreements and insurance policies, among others. While the government sector faces risks with forged permits, licences, IDs and tax documents, the real estate sector sees forgery in property deeds and rental agreements, and educational institutions are confronted with forged certificates and transcripts. From 2019 to 2023, Ghana investigated 2,283 forgery cases with 115 charged for ML. There were 147 prosecutions and 25 successful convictions as illustrated in the table below.

	2019	2020	2021	2022	2023
No. of Forgery offences investigated	654	1132	65	57	375
No. of Forgery offences charged with ML	28	13	37	37	0
No. of Forgery offences prosecuted	3	9	8	5	122
No. of ML Convictions based Forgery offences	3	5	0	0	17

Source: LEAs in Ghana, 2024

The COVID-19 pandemic disrupted court processes in Ghana, causing delays in hearings and trials due to lockdowns and social distancing measures. Subsequently, convictions for ML related to forgery increased, indicating a renewed efforts to clear backlog.

Ghana has implemented measures to strengthen enforcement and investigative capabilities within the GPS and EOCO including digitalisation efforts such as the introduction of the biometric National Identification

Card (Ghana Card), electronic verification systems for IDs, licences and digital addresses. Further, public awareness campaigns on “Police TV” have deepened awareness among the general public on forgery and other predicate offences. Training in forensic document analysis and digital forensics has been improved, and the financial sector has enhanced document security and verification processes.

Case Study 5: *Republic v. Awudu Aryas (2020)*

Awudu Anyas engaged in forgery schemes targeting businesses and manipulating financial transactions to conceal the origins of illicit funds. The investigation, prompted by multiple victim reports, uncovered significant evidence, including financial records and testimonies. Awudu Anyas was found guilty of both forgery and ML, receiving a 2-year prison term and a fine of 4000 penalty units. The court ordered the forfeiture of all funds standing to the credit of subject in the bank accounts fraudulently opened as well as a house in Swedru, Central Region, Ghana. Additionally, an amount of £10,000.00 was returned to the remitter.

Tax Offences

GRA is tasked with investigating and enforcing compliance with all the tax laws to ensure that individuals and businesses meet their tax obligations. Tax offences in Ghana encompass a range of activities that violate the country’s tax laws, as outlined in Revenue Administration Act, 2016 (Act 915). These offences include failing to file tax returns and making tax payments, providing false or misleading information, evading taxes, obstructing tax officers, failing to pay taxes on time and not maintaining proper records. Offences also cover unauthorized access to taxpayer information, failure to register for taxes and non-compliance with GRA notices. Individuals and companies evade taxes by underreporting income, inflating deductions, manipulating records and tax avoidance schemes. Common techniques include false accounting, bribery, offshore transfers, and VAT fraud.

The legal framework to enhance revenue collection and compliance include,

- Income Tax (Amendment) Act, 2019
- Revenue Administration Act, 2016, (Act 915)
- Value Added Tax Act (Amendment) Act, 2015 (Act 890)
- Customs Act, 2015 (Act 891)
- Excise Stamp Duty Act, 2013 (Act 873)
- Excise Duty Act, 2014 (Act 878)
- E-Levy Act, 2022 (Act 1075)
- Income Tax Act, 2015 (Act 896)
- Income Tax Regulations, 2016 (LI 2244)
- Value Added Tax Regulations, 2016 (LI 2243)

GRA conducts audits and investigations to detect tax offences, referring serious cases for prosecution in collaboration with the Attorney-General’s office to deter future violations.

Penalties for tax offences include fines, interest charges and imprisonment for severe cases, with prosecutions aiming to enforce compliance. Convictions often result in financial penalties to recover owed

taxes and discourage non-compliance. The GRA recovers taxes through methods like garnishing bank accounts, seizing assets and placing liens on properties. Data gathered showed that investigations into tax offences peaked in 2020 and rebounded in 2023. The yearly distribution is as follows.

	2019	2020	2021	2022	2023
No. of Investigations done on "Failing to pay Tax/Tax Evasion"	26	44	12	11	31
No. of Prosecutions	1	22	16	14	23
No. of Convictions	1	1	8	11	0

Source: GRA, 2024

Also, the data provided by FIC through the dissemination of Intelligence Reports (IRs) to GRA resulted in various tax assessments and collections from 2019 to 2023 as indicated in the table below.

	2019	2020	2021	2022	2023
No. of IRs disseminated by FIC to GRA	62	113	91	64	127
No. Investigations initiated based on IRs	62	113	28	75	127
Tax assessed based on IRs from FIC	GH¢48,519,498.24	GH¢41,941,628.65	GH¢5,202,463.35	GH¢57,304,989,8.67	GH¢40,269,134.41
Tax collected based on IRs from FIC	GH¢23,122,249.03	GH¢33,073,636.15	GH¢2,615,701.07	GH¢6,190,736.93	GH¢5,665,141.04

Source: FIC & GRA Database, 2024

The data above highlights positive trends with respect to IRs disseminated by the FIC reflecting effective use of Intelligence Reports.

Bribery and Corruption

Corruption generally refers to the abuse of power or authority for personal gain, often at the expense of fairness, transparency and public trust. It involves actions where individuals or groups use their position or influence to obtain benefits or advantages that are not legally or ethically justified. Corruption can manifest in various forms, including **bribery, embezzlement, nepotism and favoritism**. The impact of corruption is widespread, undermining trust in institutions, distorting economic and political systems and contributing to inequality and inefficiency in a country.

However, public perception of corruption in Ghana often exceeds the actual data on corruption, indicating a significant discrepancy between how corruption is perceived and the data reported. This observation is highlighted in the UNODC 2022 Corruption Report on Ghana. The report suggests that while corruption is a serious concern, public sentiment about its prevalence and impact is often more pronounced than the evidence provided by official data and investigations.

Ghana has taken significant steps to combat corruption, including the enactment of the Office of the Special Prosecutor Act, 2017 (Act 959) which establishes the Office of the Special Prosecutor. The Whistleblower Act, 2006 (Act 720) encourages reporting corruption while protecting whistleblowers and Act 1044 empowers FIC to disseminate intelligence on ML linked to corruption to LEAs for investigation and prosecution.

Similarly, the government has implemented the National Anti-Corruption Action Plan (NACAP), strengthened asset declaration requirements, initiated public financial management reforms such as Government Integrated Financial and Management Information Systems (GIFMIS) and electronic procurement system to reduce corruption opportunities. These are efforts aimed at eradicating or minimizing corruption, enhancing transparency and integrity in governance and public administration.

The Government has implemented several public sector and governance reforms to combat corruption, which establishes stricter regulations for government spending and budgeting to reduce corruption risks. Additionally, internal monitoring and reporting mechanisms, including audit systems and dedicated units like the Internal Affairs Unit of the GPS and Anti-Corruption Unit of the GIS, help detect and address corrupt activities within government institutions and LEAs.

These interventions demonstrate government's commitment to fighting corruption. Notable examples include the *Republic vs. Sedinam Christine Tamakloe* popularly known as the MASLOC Scandal (2019) and the *Republic vs Baffoe-Bonnie and two Others* popularly known as the NCA Scandal (2020).

Case Study 6: Republic vs. Sedinam Christine Tamakloe (2019-2024)

Sedinam Christine Tamakloe Attonu, former CEO of Microfinance and Small Loans Centre (MASLOC) was charged with several counts of stealing and conspiracy to steal under the Criminal Offences Act, 1960 (Act 29) and ML under Act 1044. Investigations revealed that subject dishonestly appropriated various sums of money ranging from GH¢2,730 to GH¢500,000 belonging to MASLOC. FIC liaised with the investigating LEA and collected subject's financial activities to facilitate investigations. Subject was prosecuted and sentenced to 10 years imprisonment with hard labour for causing financial loss to the State. The court further ordered forfeiture proceedings against the assets of subject.

Case Study 7: Republic vs. Baffoe-Bonnie and 2 Others (2020)

In 2020, Baffoe-Bonnie and two others, former board members of the National Communications Authority (NCA) were charged with offences including stealing and conspiracy to steal, causing financial loss to the State, using public office for personal gains and profit as well as ML. Investigations revealed that subjects misapplied funds in the purchase of surveillance equipment for National Security Council Secretariat. The accused were found guilty of 14 different charges including causing financial loss to the State, conspiracy, ML and using public office for personal gains and profit and was sentenced jointly to 16 years imprisonment. The court further ordered for the seizure and forfeiture of any asset of the convicted persons to the tune of US\$3 Million with US\$1 Million out of the US\$4 Million having been recovered. Subsequently, FIC assisted in the identification of accounts believed to have been used to collect these funds.

Cross Border Threat Analysis

Cross-border threat is often linked to a range of illicit activities such as drug trafficking, TF, corruption, tax evasion and human trafficking. Criminal organizations exploit global financial systems, including informal financial networks, trade-based ML and digital currencies, to launder proceeds derived from illegal activities. In Ghana, the rise of cross-border financial transactions, including remittances and increasing international trade, presents both opportunities and risks. While these transactions contribute to economic growth, they also provide avenues for money launderers to move illicit funds across borders with relative ease. Ghana's strategic position as a regional hub for trade and commerce, along with its increasing integration into the global financial system, makes it a potential target for transnational criminal activities.

To combat cross-border crimes, LEAs and the judiciary rely on Mutual Legal Assistance (MLA). In the period under review, Ghana experienced a decrease in incoming and outgoing Mutual Legal Assistance (MLA) requests related to cross-border criminal activities, including ML. Generally, MLA requests reflect the importance of international cooperation in tackling transnational crimes and financial crime networks. The statistics below offer a snapshot of MLA requests between Ghana and other countries, highlighting the role of international collaboration in combatting illicit financial activities with yearly distribution as follows:

Year	Number of Mutual Legal Assistance (MLA) Requests	
	Incoming MLA Request	Outgoing MLA Request
2019	30	28
2020	26	8
2021	10	2
2022	17	3
2023	12	3

Source: LEAs, Ghana

Below are top 10 Countries that have requested MLA from Ghana and received feedback on cross-border crimes, particularly focusing on ML and related illicit financial activities between 2019 and 2023.

Requesting Country	Frequency (2019-2023)	Offences for Requests
Germany	11	ML, corruption, cybercrime
United States of America	9	Drug trafficking, cybercrime
Switzerland	5	cybercrime
Netherlands	3	ML, corruption, cybercrime
Turkey	3	Human trafficking, drug trafficking
United Arab Emirates	3	Drug trafficking, cybercrime
Nigeria	3	Fraud, corruption, cybercrime
South Africa	2	Drug trafficking, ML
Korea	2	Corruption, financial crimes
Slovenia	2	Drug trafficking
Cote d'Ivoire	2	Human trafficking, cybercrime

One of the most significant cases involving MLA cooperation between Ghana and another country is the popular Ghanaian socialite and singer Mona Faiz Montrage better known as “Hajia4Real”.

Case Study 8: USA vs Mona Faiz Montrage (Hajia 4real)

The U.S. government, through the Federal Bureau of Investigation (FBI), requested Ghana’s assistance to investigate and prosecute a major ML scheme. In response to a formal request for MLA, Ghana’s law enforcement agencies, working closely with FIC, provided intelligence that helped the FBI uncover the full extent of Haija’s activities. The information provided included financial transaction records and KYC information linked to Haija 4real. The intelligence gathering revealed several unusual transactions involving illicit funds moving across borders. LEAs were instrumental in identifying properties and assets that were potentially tied to subject’s criminal activities.

Using the intelligence shared through MLA, the FBI was able to track Haija’s movements and arrested her in London, (UK) on November 11, 2022, after participating in the Ghana Music Awards UK. She was subsequently extradited to the US in May 2023 to face prosecution and subsequently convicted.

Case Study 9: United States vs. Abiola Kayode

Ghana played a critical role in facilitating the extradition of Abiola Kayode to the United States through mutual legal assistance procedures.

In April 2023, U.S. authorities made a formal request for Kayode’s extradition under applicable international cooperation frameworks. Ghanaian law enforcement agencies, in collaboration with INTERPOL and the Office of the Attorney General and Ministry of Justice, acted on this request and arrested Kayode. Following due legal process under Ghanaian law, Ghana granted the extradition request, signifying their adherence to bilateral or multilateral agreements governing mutual legal assistance in criminal matters. Kayode was formally surrendered to FBI special agents, who escorted him to the District of Nebraska to face prosecution.

This cooperative action demonstrates Ghana’s commitment to international justice, cybersecurity enforcement, and honouring its mutual legal assistance obligations in combating transnational financial crimes and cyber fraud.

While nationals from Ghana and other countries may be involved in cross-border crimes like ML, the impact on Ghana remains minimal. This is due to Ghana’s strong legal and regulatory frameworks, effective law enforcement cooperation with international partners and ongoing capacity-building efforts.

Also, trade in goods and services can facilitate ML by disguising illicit funds through over or under-invoicing of transactions. Foreign Direct Investment (FDI) may be exploited by criminals to move illicit funds under the guise of legitimate investments. Portfolio investments can be used to launder money through complex

financial instruments and offshore accounts, making it difficult to trace the origin of funds. Similarly, remittances, especially through informal channels, can serve as a conduit for moving illicit money across borders, bypassing regulatory oversight and enabling ML activities.

Ghana's key trading partners include Switzerland, UAE, China, USA, India, South Africa, Netherlands and UK. China is the largest, exporting machinery, electronics, and vehicles, while Ghana exports crude oil, manganese, and bauxite. The USA is another major partner, with Ghana exporting raw materials like gold and cocoa. India plays an emerging role in oil and gold trade, along with growing investments in infrastructure. The UK, post-Brexit, remains vital for cocoa and mineral exports, while also being a significant remittance source. South Africa and Nigeria contribute through mining, banking, oil and agriculture, as well as remittance flows.

The table below presents key economic indicators for Ghana, highlighting the value of inflows related to trade in goods and services, FDI, portfolio investments and remittances.

Year	Inflows Related to Trade in Goods/Services (%GDP)	Foreign Direct Investment (FDI)	Portfolio Investments Value (USD)	Remittances (USD)
2019	39.4	3,879,831,469.7	22,977,730,000	4,053,694,728.8
2020	35.1	1,875,782,953.4	1,561,195,490	4,291,956,800.6
2021	32.7	2,533,586,462.0	1,956,822,211	1,923,627,452.5
2022	35.7	1,428,411,737.1	2,129,969,580	2,070,452,060.8
2023	35.0	1,319,315,614.6	402,424,704	2,431,468,248.6

Source: World Development Indicators on Ghana

The period under review also indicates the number of currency declarations made at the various entry and exit points, both at land and air borders. These declarations are an essential part of Ghana's efforts to regulate the movement of funds across its borders, ensuring compliance with international standards and Act 723. Customs Division of GRA, GIS and other relevant LEAs monitor and enforce compliance by travelers to curb ML and illicit movement of funds. The data below reflects the number of currency declarations reported at both entry and exit points of the country.

Year	No. of Currency Declaration Reports (CDRs)
2019	1642
2020	524
2021	908
2022	736
2023	1620

Again, the movement of Fulanis across Ghana's borders, particularly from neighboring countries like Burkina Faso, Mali and Niger has raised concerns about illegal activities across the borders such as cattle rustling, smuggling of goods and violent land disputes. While many Fulani migrants engage in legitimate pastoral activities, some are involved in criminal enterprises, posing cross border threat.

To address these issues, LEAs have taken several measures. These include increased border surveillance and patrols by GIS, the Customs Division of GRA and the GPS to monitor movements at land borders. Joint border operations with neighboring countries have been implemented to track and control unauthorized crossings, enhancing security cooperation.

Special task forces have been established to enforce immigration laws and prevent criminal activities at border points, with regular checks for illegal migrants. LEAs also work closely with local communities to raise awareness about the dangers of illegal migration, with community policing initiatives fostering trust between the police and the public.

Stricter immigration laws have been introduced, requiring foreign nationals, including Fulanis, to possess valid documentation. Additionally, technology such as drones and biometric systems is being used to monitor and track cross-border movements, improving the detection of illicit activities.

These proactive measures aim to mitigate the risks posed by illegal migration and criminal activity. However, continued cooperation with neighboring countries and strengthening border security remains essential for addressing these challenges effectively.

While some of these illegal activities may pose cross-border threats, the overall impact on Ghana remains minimal. This is largely due to the comprehensive measures that have been instituted to ensure border security and regulatory compliance.

Key Findings

The analysis of ML threats in Ghana reveals a balanced picture of progress and areas for improvement. The overall ML threat is assessed as Medium, considering Ghana's positive strides in mitigating risks in various areas.

Ghana has made notable progress in addressing key predicate offences such as fraud, forgery and tax evasion. Stronger enforcement of legal framework, improvements in law enforcement capacity and collaboration with international partners have helped curb these offences.

Also, Ghana has implemented a range of regulatory improvements aimed at reducing ML risks in sectors such as banking, OFIs, insurance, securities, DNFBPs among others. FIC has also enhanced monitoring mechanisms and financial institutions have increasingly strengthened their due diligence processes. These efforts contribute to reducing vulnerabilities in the various sectors.

Ghana has demonstrated commitment to addressing cross-border ML through increased international cooperation, including active participation in global initiatives like the Egmont Group and ARINWA. The country has also made progress in its asset seizure, freezing and confiscation capabilities.

Lastly, the passage of Act 1044 ousted the jurisdiction of the Circuit Court to adjudicate ML offences. This shift has posed challenges for law enforcement to prosecute ML cases at the Circuit Court.

Recommendations

To keep the threat of ML as low as possible, there are several strategic recommendations aimed at strengthening the country's legal and institutional framework. These measures will not only help in reducing ML activities but also enhance the effectiveness of enforcement mechanisms.

1. Enhance expertise through targeted training and capacity-building programs for LEAs, judiciary and competent authorities.
2. Strengthen mechanisms for enforcing asset seizure and confiscation laws which may include ensuring that LEAs have access to the necessary tools to identify, freeze, seize and confiscate assets derived from illicit activities.
3. Prioritize the integration of Integrated Electronic Case Management System (IECMS) with other national and international databases, ensuring that data on financial transactions, suspicious activity reports (SARs), and criminal investigations are shared seamlessly across competent authorities and LEAs.
4. Consider amending Act 1044 to give the lower courts (Circuit and District) jurisdiction to adjudicate ML related cases.

NATIONAL MONEY LAUNDERING VULNERABILITY

Introduction

The section evaluates the strength and weaknesses of Ghana's legal and regulatory mechanisms for combatting ML. The analysis of national vulnerabilities focuses on legal and institutional framework, with the primary objective of assessing Ghana's ability to prevent and respond to ML threats. Generally, national vulnerability assessment is significantly influenced by the weaknesses present in various sectors that could be exploited for ML, as well as the country's overall capacity to combat financial crimes effectively.

Vulnerability Assessment and Analysis

This section analyses Ghana's ability to combat ML at both national and sectoral level by considering a number of variables and the relevant sectors vulnerability to ML.

AML Policy and Strategy

Following Ghana's National Risk Assessment in 2016 which was updated in 2018, and the Second Round of Mutual Evaluation (ME) exercise in 2016, Ghana developed and launched its National Anti-Money Laundering and Countering the Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT&P) Policy for 2019-2022. The Policy had five main goals:

- Strengthen the legal and institutional framework in the fight against ML/TF/PF and other financial crimes.
- Improve the effectiveness of ML/TF/PF investigations, prosecutions and asset recovery.
- Enhance domestic and international cooperation.
- Increase capacity and awareness on ML/TF/PF among FIC, regulators, reporting institutions, civil society organizations (CSOs) and the private sector.
- Develop and maintain a national AML/CFT database and statistics.

In the lifespan of the National Policy and Strategy (which was extended to 2024), several laws were passed to bolster Ghana's legal framework against ML/TF/PF. These laws include:

- The Companies Act, 2019 (Act 992)
- The Narcotics Control Commission Act, 2020 (Act 1019), as amended
- The Security and Intelligence Agencies Act, 2020 (Act 1030)
- The Cybersecurity Authority Act, 2020 (Act 1038)
- The Anti-Money Laundering Act, 2020 (Act 1044)
- Real Estate Agency Act, 2020 (Act 1047)

Additionally, the Office of the Special Prosecutor (OSP) has been established to focus on corruption and corruption-related offences. The Cybersecurity Centre was upgraded to the Cybersecurity Authority. To align with the legal framework, various capacity-building workshops have been held to enhance the knowledge and skill set of investigators, prosecutors, and judges.

In terms of asset recovery, Ghana has made significant progress with the establishment of the National Asset Recovery and Management (NARM) Taskforce with membership drawn from all LEAs and key stakeholders, including FIC. NARM is mandated to develop policies for managing assets that are proceeds of crime.

The national effort against ML/TF/PF is coordinated at the governmental level by the Inter-Ministerial Committee (IMC) on AML/CFT/CPF, established by Executive Instrument 2 (2013). The IMC is made up of the Ministers of Finance, Justice and Attorney General, the Interior, Foreign Affairs and Regional Integration, Governor of the Bank of Ghana and the Deputy Chief of Staff of the President.

IMC continues to meet regularly and this was much evident during Ghana's International Co-operation Review Group (ICRG) process for the 2nd Round ME where the IMC played a key role in ensuring that the country was taken off the FATF "Grey List". It is important to note that no policy action related to AML/CFT/CPF is taken without the approval of the IMC, chaired by the Honourable Minister of Finance. In urgent situations where members cannot be convened immediately due to conflicting schedules, the Chairperson acts on behalf of the Committee and such actions are subsequently ratified in meetings.

The Law Enforcement Coordinating Bureau (LECOB) is a sub-committee of IMC with similar but wider representation and includes all the security, intelligence and LEAs in Ghana. The LECOB's mandate is to supervise the implementation of the National Strategy and Action Plan, establish a Domestic List and coordinate LEAs to fulfill obligations under various UN Conventions against Terrorism and Terrorism Financing.

Money Laundering Crime Definition

Section 1(1) of the Anti-Money Laundering Act, 2008 (Act 749), as amended, defined Money Laundering as follows:

"A person commits an offence of Money Laundering if the person knows or ought to have known that property is or forms part of unlawful activity and the person

- a. Converts, conceals, disguises, or transfers the property;*
- b. Conceals or disguises the unlawful origin, disposition, movement or ownership of rights with respect to the property; or*
- c. Acquires, uses or takes possession of the property"*

The punishment for ML was pegged at a fine of not more than five thousand penalty units (each penalty unit being valued at GH¢12.00 or a term of imprisonment of not less than 12 months and not more than 10 years or both.

With the passage of Act 1044, Ghana sought to make a profound statement as to its renewed thinking when it came to ML/TF/PF. Ghana enhanced the definition of the offence of ML to widen its reach to capture as many individuals and or corporate entities as could be linked to the offence. Similarly, in a bold step, provision for a lifestyle/net worth approach to ML was introduced. Section 1 of Act 1044 reads:

"(1) A person shall not engage in Money Laundering

(2) A person commits an offence of Money Laundering if the person knows or ought to have known that a property is or forms part of the proceeds of unlawful activity and the person

- a. Converts, conceals or disguises or transfers the property for the purpose of (i) concealing or disguising the illicit origin of the property; or (ii) assisting any person who is involved in the commission of the unlawful activity to evade the legal consequences of the unlawful activity*
- b. Conceals or disguises the true nature, source, location, disposition, movement or ownership of, or rights to, the property; or*
- c. Acquires or uses or takes possession of the property knowing or suspecting at the time of receipt of the property that the property is, or forms part of the proceeds of unlawful activity.*

(3) Where a person under investigation for money laundering is in possession or control of property which the person cannot account for and which is disproportionate to the income of that person from known sources, that person shall be deemed to have committed an offence under subsection (2)."

In a bid to provide a penalty for ML that is proportionate, dissuasive and effective, Ghana now leans more toward pecuniary penalties and not custodial sentences. Therefore, the punishment regime under Act 1044 provides hefty fines for both natural and legal persons and their culpable officers, with accompanying penalties for conspiracy, aiding and abetment of ML. The maximum custodial sentence of up to 10 years was maintained.

The Fine Schedule is as shown below:

Entity	Fine
Natural persons	Not less than 100% and not more than 300% of the proceeds of ML
Corporate bodies	Not less than 300% of the proceeds of ML

Asset Forfeiture Laws

The AML ecosystem in Ghana is composed of several investigative and prosecutorial institutions, including the GPS, EOCO, NACOC, OSP and Office of the Attorney General and Ministry of Justice (AG). Each of these institutions has the authority to seize, freeze or confiscate assets. As an operational policy by all LEAs, assets are identified at early stages of investigations to enhance the effective law enforcement action and ultimate confiscation immediately prosecution is successful. This system is supported by multiple legislations, including:

- Customs Excise and Preventive Service (Management) Act, 1993 (PNDCL 330).
- Foreign Exchange Act, 2006 (Act 723).
- Economic and Organized Crime Office Act, 2008 (Act 804).
- Office of the Special Prosecutor Act, 2017 (Act 959).
- Narcotics Control Commission Act, 2020 (Act 1019).
- Anti-Money Laundering Act, 2020 (Act 1044).

Seizure

Section 23 of Act 804 makes provision for seizure of currency. This action can be taken directly by an authorized officer on reasonable grounds of suspicion of an attempt to convey proceeds of crime. Similarly,

section 24 of Act 804 makes provision of seizure of tainted property which is permitted to stand for 14 days, within which if no charges are preferred against the suspect, the property must be released.

Section 72 of Act 1019, Sections 24 and 25 of Act 723 and Section 32 of Act 959 also make provisions for seizure of proceeds of crime.

Freezing of Transactions / Accounts / Property

Section 33 of Act 804, Sections 45(3) and 56 (1) of Act 1044, Section 38 of Act 959 and Section 73 of Act 1019 are provisions in Ghana's legal framework that empower institutions to freeze suspected proceeds and instrumentalities of crime.

The freezing of suspected instrumentalities and proceeds of crime starts out as an administrative action and is typically initiated by the Head of the respective institution for a period ranging from seven (7) to fourteen (14) working days. This action when confirmed within the said period by an Order of the High Court, can remain valid for up to twelve months. Three months prior to the expiration of the said order, an application for extension of the freeze order may be made. An application when granted is valid for only three months at a time.

Confiscation

Section 46 of Act 804, Section 5 of Act 1044, Section 50 of Act 959 and Sections 80 – 92 of Act 1019 empowers EOCO, FIC and NACOC respectively to confiscate assets. Confiscation in Ghana is largely conviction-based. Provisions in the legal framework are therefore set up to be activated following the conviction of an accused person for a serious offence. In the Ghanaian jurisprudence, serious offences include participation in an organized criminal group, terrorism and terrorist financing, money laundering, human trafficking, people smuggling, sexual exploitation, illicit trafficking in narcotic drugs, murder, grievous bodily harm, armed robbery and stealing.

Forfeiture

Act 723 makes provisions for forfeiture and additionally, BoG has issued a Directive which restricts the movement without declaration of currency in excess of ten thousand Dollars (US\$10,000.00). The directive is BG-GOV/SEC/2008/28 dated October 10, 2008.

FIU Intelligence Gathering and Processing

FIC is an administrative-type Financial Intelligence Unit (FIU) with a current staff strength of 42. FIC comprises the Analysis, Compliance, Research and International Cooperation Units, supported by IT, Legal, Human Resource (HR), Finance, Audit, Records Management and Access Control. The staff at the FIC possesses a diverse range of skills and expertise across the humanities and sciences. Management ensures that staff are trained regularly on varied relevant topics. The staff of FIC possess varied qualifications including law, accounting, finance and Certified Anti-Money Laundering Specialists (CAMS) and continually undergo relevant capacity building training in the area of AML/CFT/CPF. The Analysis Department, responsible for the receipt, analysis and interpretation of Suspicious Transaction Reports (STRs), has nine (9) officers. The department leverages the goAML Enterprise tool, sourced from the United Nations Office on Drugs and Crime (UNODC). By the end of 2023, approximately 647 entities, including all banks, savings and loans,

rural and community banks, finance houses, operators in the security industry, insurance companies, LEAs, competent authorities and DNFBP have been registered and given access to the goAML platform for filing various reports including STRs. There is a continuous process of onboarding all accountable institutions (AIs) on the goAML platform. However, in the interim, AIs not registered on the platform are required to file reports through the secured e-mail address.

The goAML platform is directly linked to databases of the Driver Vehicle Licensing Authority (DVLA), the ORC, Passport Office, Tax Division of GRA and Electoral Commission (EC). The National Identification Authority (NIA) is in the process of being onboarded onto the goAML platform. This integration allows analysts to confirm and source relevant additional data including identity data of individuals or corporate bodies named in reports, tax records, beneficial ownership information among others. This capability enhances LEAs' ability to determine specific crimes, identify accomplices or accessories, and locate assets, especially where they have been properly registered.

Suspicious Transaction Reports (STRs)

The overall quality of STRs is considered good particularly those submitted through the goAML. The goAML has inbuilt mandatory parameters that check for quality of data inputted into the system without which the report is automatically rejected. There is continuous training of Anti- Money Laundering Reporting Officers (AMLROs) on the filing of quality STRs, enhanced feedback mechanism from the FIC as well as sharing of typology reports.

Between 2019 and 2023, the FIC received a total of 12,000 STRs. Out of these, 2,700 STRs were converted into cases and worked on, reflecting the FIC's efforts in filtering and analyzing reported suspicious transactions. From the cases developed, a total of 658 Intelligence Reports (IRs) were disseminated to LEAs over the five-year period.

	2019	2020	2021	2022	2023
Number of STR received.	1,214	3,106	2,973	2,946	2,152
Number of STRs converted to cases	569	854	493	638	445
Number of IRs disseminated to LEAs	174	302	190	72	192

Capacity and Resources for Financial Crime Investigations (Including Asset Forfeiture)

All investigative bodies in Ghana are public institutions and as such must present a budget to the Ministry of Finance, as required by the Constitution, which Parliament subsequently approves. These institutions allocate funds to their respective operational departments, units or divisions from the general budget. Procurement of investigative tools is handled by the procurement departments of these public institutions, while office supplies and vehicles are typically acquired by the administration upon request.

EOCO, NACOC and OSP benefit from retaining a percentage of assets recovered or proceeds confiscated or forfeited at the end of each case. Notwithstanding, these institutions face financial challenges due to inadequate budget allocations and late disbursement of funds from the government.

Training and capacity-building opportunities are available both domestically and internationally. Some LEAs have training schools like the National Police Academy and Training, Ghana Police Training Centre

and the Ghana Military Police Training School have structured curriculum and offer continuous training for LEAs. Others like Kofi Annan International Peacekeeping Training Centre (KAIPTC) and West Africa Regional Training Centre offer similar capacity building programmes for LEAs. Additionally, FIC in collaboration with various partners such as GIABA, GIZ and UNODC offer training and capacity-building programmes to LEAs and other competent authorities.

However, these opportunities remain insufficient considering the staff strength of the various LEAs coupled with financial constraints and constant rotation of officers within the institutions.

Integrity and Independence of Financial Crime Investigators

Financial crime investigations are conducted by the various LEAs in Ghana and each law enforcement body or investigative entity has its own code of ethics. While all police officers are trained for investigations, the Criminal Investigations Department (CID) of GPS is responsible for investigating criminal matters. Specialized units within the Police Service such as Financial Forensic Unit, Cybersecurity Unit, Special Investigations Unit and National Protection Directorate also conduct investigations.

GPS is an autonomous institution clothed with the powers to prevent and detect crime, apprehend offenders and maintain public order and security. This function is executed independently to gain public trust. GPS follows a set of Service Instructions, an administrative document issued by the Inspector General of Police, derived from the Police Service Act, 1975 (Act 350). This document outlines the powers available to investigators and prescribes limits on their actions. It also grants immunity to officers for legitimate actions taken in their line of duty. The Police Professional Standards Bureau (PPSB) investigates complaints and allegations of misconduct against police officers, lodged by the public.

EOCO operates under the Standard Operating Procedure for EOCO Investigators (Gazette number 118), which sets strict parameters for investigations to prevent abuse of power. Officers of EOCO also adhere to the Public Service Commission's Code of Conduct for Public Officers. EOCO's Professional and Ethical Standards Unit (PESU) handles complaints from the public regarding professional breaches by investigators. Similarly, investigators of OSP comply with the Office of the Special Prosecutor (Regulations), 2018 (LI 2373) for professional standards and ethics. Investigators found to have compromised their duties are subjected to administrative disciplinary procedures.

Capacity and Resources for Financial Crime Prosecutions

Article 88 of the 1992 Constitution designates the Attorney-General as the official prosecutor for all criminal cases on behalf of the State and in the public interest. The Attorney-General's office currently has approximately 300 prosecuting lawyers across the country. Due to this insufficient number, the Attorney-General grants fiats to lawyers from various LEAs including GPS, to initiate criminal prosecution on its behalf. The prosecutors are trained lawyers, who undergo various levels of additional capacity building both domestically and internationally to enhance their effectiveness in financial crime prosecutions.

Integrity and Independence of Financial Crime Prosecutors

In Ghana, all prosecutors operate under the authority of the Attorney-General, the constitutionally designated initiator of all criminal prosecutions. Consequently, all public prosecutors adhere to the "Ghana

Code for Prosecutors" a guidance manual outlining the principles and standards for prosecutorial conduct. This manual provides best practice guidelines and criteria for decision-making throughout various stages of criminal prosecution, including investigations, pre-charge advice, decisions to prosecute or re-charge, and proceedings related to tracing, forfeiture, confiscation and enforcement of pecuniary orders. It also ensures integrity through strict operational parameters.

When prosecutors are cited for integrity breaches or misconduct, such cases are typically handled according to the code of conduct or ethics of their respective institutions. Instances of political interference or social pressure influencing prosecutions are minimal. Notably, several high-profile prosecutions between 2019 and 2023 demonstrate the system's integrity and independence. For instance, the CEO of the Micro Finance and Small Loans Centre (MASLOC) was prosecuted and convicted of conspiracy to steal, stealing, and ML for misappropriating funds between 2013 and 2016. Another notable conviction involved the CEO of a commercial bank whose licence was revoked due to mismanagement. The CEO, William Ato Essien, was sentenced to 15 years and ordered to pay a substantial fine for ML and theft. Other high-profile prosecutions include Nana Appiah Mensah, who is currently facing trial for operating a Ponzi scheme and attempting to flee with the proceeds.

Capacity and Resources for Judicial Processes

Ghana's court system comprises the District and Circuit Courts, High Court, Court of Appeal, and the Supreme Court. Currently, there are 445 sitting judges across these tiers. The Judicial Service recruits both judges and support staff, including registrars, bailiffs, secretaries, clerks and interpreters.

Prior to the passage of Act 1044, the Circuit and High Courts were designated as the first-instance courts for ML cases. However, Act 1044 now vests this jurisdiction solely in the High Court. Specialized Financial and Economic Crimes Courts handle such cases. However, the Circuit and High Court still have jurisdiction on predicate offences. The Judicial Service and Judicial Training Institute ensure that all judges receive relevant training, including a very recent round of training sessions in electronic evidence, completed by the end of the 2022/23 legal year.

Apart from being the body responsible for training and capacity building of judges, the Judicial Training Institute partners with the Judicial Service to issue guidance publications to detail with the responsibilities and duties of various officers including registrars, court clerks and recorders.

It is a common practice for the Chief Justice to issue fiats to specific judges to hear specific matters or sit in courts lower than their designated ranks for specified periods to ensure effective justice delivery. For instance, a judge was directed to hear a significant case on ML in 2023 in a lower court after being elevated to the Court of Appeal.

Integrity And Independence of Judges

Judges in Ghana are employees of the Judicial Service and subject to its conditions of service. The Chief Justice issues Practice Directives that provide guidelines for conduct and set strict operational limits for judges. Consequently, there has been a decline in judicial misconduct. The Judicial Service's Complaints Unit is effective and responsive, addressing cases where judges compromise their integrity.

Particularly, the District Magistrate Court, which is the lowest court of the land, with the highest caseload across the judicial spectrum, is specifically guided by the District Court Rules, 2009 (CI 59) and the Civil Procedure Bench Book, which details procedure for carrying out judicial duties by the District Magistrate. Judges generally have the freedom to rule based on law and evidence, with minimal interference. The appeal process serves as a check against decisions not based on facts or evidence. Articles 125 (1), 127 and 145 of the 1992 Constitution secure judges' tenure, stating the narrow circumstances under which they can be removed, thus protecting them from frivolous or politically motivated dismissals.

Border Controls

Ghana shares borders with Burkina Faso to the north, Côte d'Ivoire to the west, and Togo to the east. These borders are marked by concrete boundary pillars, with designated entry and exit points manned by officers from the Ghana Immigration Service (GIS), Customs Division of the Ghana Revenue Authority (GRA), and GPS on Ghana's side.

The Ghana Boundary Commission, established by the Ghana Boundary Commission Act, 2010 (Act 795), is responsible for determining, demarcating, and reaffirming Ghana's land boundaries. The Commission aims to transform border areas into catalysts for growth, socio-economic integration, and to minimize disputes with neighboring countries. A Technical Committee, including officers from GIS, Customs Division of GRA, and National Security, spearheads these efforts. Physical inspections by security personnel and random passenger profiling are common at land borders, particularly to prevent the entry or exit of suspected terrorists. Specialized border patrol operations, such as "Operation Calm Life" and "Operation Conquered Fist," further enhance border security.

For air borders, advanced technology such as radar systems, biometric identification devices and baggage screening machines are optimised to scrutinise passengers and items, ensuring security and prevent illegal activities. Collaboration with airlines and international security agencies enhances the effectiveness of air border control measures.

Security at the sea borders is constituted by maritime patrols, vessel tracking systems and inspection protocols. These efforts enable the requisite security agencies detect smuggling and human trafficking. The sea borders have benefited from cooperation with the maritime authorities of neighbouring countries. Ghana is one of the few countries in the region with its Navy well-resourced with capacity to patrol its coastal high seas.

Customs Regime on Cash and Similar Instruments

Ghana requires individuals entering or exiting the country to declare cash or currency or monetary instrument in their possession exceeding ten thousand United States (U.S) dollars (\$10,000). The regime is applicable to land, sea and air entry and exit points. Failure to declare such amounts, as stipulated by Section 41 of Act 1044, can result in forfeiture of the undeclared money. Declarations must be made in accordance with the Foreign Exchange Act, 2007 (Act 723), with copies filed immediately with FIC. Between 2019 and 2023, data collected from reports submitted to the FIC highlight the effectiveness of these measures.

Air borders (airports) are equipped with surveillance cameras, body scanners, metal detectors and currency detection dogs. Additionally, stringent checks on passengers, luggage and cargo are conducted to prevent

the illegal movement of large sums of money or financial instruments. The use of intelligence sharing with international partners also bolsters the control of cash flows through air borders.

At the land borders, customs authorities employ various methods including physical and sometimes intrusive inspections of bags, containers and vehicles, document verification and random risk profiling to detect undeclared cash or suspicious financial instruments.

Customs Controls on Cash and Similar Instruments

As previously discussed, Ghana enforces a cash declaration system established by the Act 723. The maximum threshold for cash conveyance is set by the BoG which is currently set at ten thousand US dollars (\$10,000.00) or its equivalent. There is general knowledge of these thresholds among the travelling public. There is a dearth of records of sanctions imposed for non-disclosure or false declarations.

Section 41(2) of Act 1044 mandates Customs Division of GRA to make copies of currency declaration forms available to FIC. From 2019 to 2023, the following reports of declarations were filed with FIC, with the respective amounts:

YEAR	TOTAL NUMBER OF DECLARATIONS	AMOUNT (US\$)	AMOUNT (GBP)	AMOUNT (EUROS)	AMOUNT (CFA)
2019	1624	54,671,456.00	89,730.00	115,845.00	62,516,601.00
2020	524	32,310,537.00	47,000.00	2,585,880.00	36,685,465.00
2021	908	36,930,362.00	35,000	934,537.00	1,930,876,113.00
2022	736	47,840,352.00	349,308.00	676,687.00	1,894,094,013.00
2023	1620	76,737,736.80	1,431,095.00	1,424,015.00	592,491,310.00

Domestic Cooperation

Ghana's AML ecosystem necessitates coordination among various competent authorities and public institutions. The legal foundation for this cooperation is outlined in Section 8(f) of Act 1044, which designates FIC as the coordinator and supervisor for the investigation and suppression of ML/TF/PF, tax evasion and other unlawful activities.

FIC has the authority to request a broad range of data, including financial, administrative and law enforcement information, which is made readily available to LEAs and competent authorities upon request. For example, GPS, NACOC and EOCO rely heavily on FIC to freeze accounts and transactions to facilitate investigations. FIC also disseminates intelligence to various LEAs based on which entity is best suited to address the arising issues.

E.1 establishes LECOB as an inter-agency committee which derives its powers from the IMC. It plays a strategic role by co-ordinating with relevant regulatory bodies, LEAs and other relevant competent authorities in implementing AML/CFT/CPF policies. LEAs further engage in joint training to ensure a consistent knowledge base. GPS hosts officers from various LEAs and security personnel at its Detective Training School, which enhances interagency collaboration, quality of investigations and, consequently, effectiveness of ML investigations.

Between 2017 and 2019, BoG revoked the licences of several banks due to mismanagement and corporate governance failures. An inter-agency investigative task force was established to identify the extent of malfeasance and recommend actions to the government, with ML being key areas of investigation. Since 2022, the FIC has also been involved in an initiative led by the GRA to curb the abuse of import and export processes for ML prompted by discrepancies between funds sent abroad for goods and the value of goods received.

Section 37 of Act 1044 mandates all competent authorities and other public agencies to cooperate with FIC to access information held with these bodies. That notwithstanding, to enhance the fluidity of the process, FIC has standing Memoranda of Understanding (MoU) with key institutions including BoG, SEC, and NACOC to facilitate collaboration. Additionally, high ranking personnel from various competent authorities serve as Board members of various LEAs and FIC to enhance policy impact and inter-agency collaboration. FIC in collaboration with technical assistance providers such as GIZ and UNODC have trained a number of LEAs and other competent authorities.

International Cooperation

Ghana employs both formal and informal forms of international cooperation. Mutual Legal Assistance Act, 2010 (Act 807) provides for the scope for formal international cooperation in Ghana. The legislation enables Ghana to request or provide information to aid investigation, prosecution or asset recovery in criminal matters, where there is an agreement or other such legal arrangement between Ghana and either a foreign state or entity.

Act 807 designates the Office of the Attorney-General and Ministry of Justice as the Central Authority, whose function is to send and receive requests on behalf of all other state agencies. Therefore, all institutions with investigative and prosecutorial powers (GPS, GRA, EOCO, OSP and NACOC) are required to route their applications through the International Unit of the Office of the Attorney-General and receive responses to same through the same channel. Likewise, state counterparts and entities therein route all their applications through the Office of the Attorney-General.

The Office of the Attorney General generally provides responses to requesting institutions with the exception of those for which information on third parties is unrelated to the offence being investigated. However, there is the need to improve the turnaround time for feedback.

The main challenge with the MLA process is that the sole means of engaging counterpart states and entities is through formal agreements or such other legal arrangement which system is riddled with bureaucracy. An application for MLA is received from the requesting authority by the central authority, transmitted to the Ministry of Foreign Affairs and Regional Integration and passed through Diplomatic channels before getting to the central authority of the receiving country for feedback. In response or feedback, the procedures are reversed.

Some informal international cooperation routes used by Ghana include INTERPOL, Egmont, ARINWA and correspondence with sister LEAs or FIUs through phone calls, emails and others have been rated as an effective channel of communication. As part of its awareness creation mandate, continues to engage

the investigative, prosecutorial and other competent authorities in Ghana to deepen collaboration and encourage the agencies to take advantage of its various capabilities.

Level of Financial Integrity

GRA oversees tax administration and collection in Ghana and businesses are required to register with the GRA for tax purposes. Corporate tax payment is voluntary and based on self-assessment at the beginning of the fiscal year, with reconciliations done during year-end audits. GRA conducts rotational audits. High regulatory standards in the formal sector result in few recorded cases of non-compliance, although this is harder to ascertain in the informal sector.

There is an effective collaboration between FIC and GRA, which has existed since the inception of the FIC. Act 1044 states that FIC exists to *"assist in the combat of Money Laundering, Terrorism Financing, the Proliferation of weapons of Mass Destruction, Tax evasion and any other unlawful activity"*. This is further emphasized in section 8(1)(e) and (f) where FIC is tasked to *"collaborate with revenue authorities to combat the laundering of the proceeds of tax evasion and other tax crimes"*, coordinate and supervise activities for the investigation and suppression of crimes including tax evasion. Among other achievements, FIC in collaboration with GRA have embarked on a project to combat capital flight, illicit financial flows as well as enforcing tax obligations.

In the period under review, FIC assisted GRA to collect a substantial amount in tax revenue (as shown below) which hitherto would have been avoided or evaded.

YEAR	TOTAL AMOUNT COLLECTED (GH¢)
2019	23,122,249.03
2020	33,073,636.15
2021	2,965,350.63
2022	6,370,082.18
2023	5,665,141.04

LEAs have access to GRA information, and Ghana adheres to the OECD's model tax convention for international tax information exchange.

Tax Enforcement

GRA is made up of the Domestic Tax Revenue Division (DTRD) and the Customs Division responsible for the collection of all taxes at the country's points of entry and exit.

Together, the core mandate of the GRA is to: *"ensure maximum compliance with all relevant tax laws in order to ensure a sustainable revenue stream for government, trade facilitation and a controlled and safe flow of goods across the country's borders."*

The Commissioner-General of GRA has powers to issue Practice Directions, which constitute explanations/interpretations of key points of applicable legislation and to set out procedure for implementing and enforcing said legislations, among other things.

Corporate bodies and individuals are expected to self-assess at the beginning of each calendar year. This assessment is an estimation of the amount of income that an individual or corporate body is likely to make by the end of the year and taxes, tentatively paid on a monthly basis based on this estimation. This estimation may be adjusted throughout the year even until December, when audit inspection takes place. Audit inspection is meant to verify whether taxpayers are truly complying with relevant tax laws in their day-to-day operations/activities. Having observed that some infractions occur due to ignorance of the applicable tax laws, audit inspections are conducted by tax officials to streamline the operations of individuals and corporate bodies, with the provisions of the law.

At the end of each calendar year, GRA goes on-site to reconcile the self-assessment done at the beginning of the year with the actual performance and earnings of the individuals and companies throughout the year. Where there are differences, arrangements are made to offset the same. Where payments are withheld unreasonably by taxpayers, interest and penalties are applied and court action resorted to in extreme cases of non-compliance. The core enforcement provisions are found in Sections 70 to 96 of Act 915. The sections provide for *"interest, penalties, offences and proceedings"*.

GRA currently has a staff strength of 7,019 in 232 offices across the country and are continually being trained on their responsibilities. GRA makes use of technology to optimize its reconciliation of the tax liabilities of corporate entities. GRA has deployed devices which record the total amount and volume of sales made by the corporate entities. These records enable GRA to properly verify that the self-assessment made by the corporate entities at the beginning of the tax year are commensurate with the actual sales made by the entities during the period under review.

GRA has benefited from optimization of technology for the collection of taxes. In 2023, three foreign companies trading in Ghana sought to boycott one such technological intervention. GRA deployed devices to the trading companies, which recorded the total amount and volume of sales made (and value added tax collectible), which data is accessible by GRA to enable it ensure that the self-assessments presented by these companies at the beginning of each year are commensurate with daily sales being made, to aid reconciliation at the end of the year when GRA officials visit companies for on-site audit inspections. Through negotiations with the companies, GRA managed to maintain its installed device and same is being replicated throughout the country.

GRA has successfully assigned Tax Identification Numbers (TIN) to citizens and corporate bodies to ensure compliance with tax laws, and easy tracing for cases of non-compliance. GRA also makes use of print and electronic media as well as market sensitization to educate the populace on their tax obligations and the collective benefit of compliance with tax laws.

Availability of Independent Audit

The auditing profession in Ghana is regulated by ICAG. This is a body corporate established by the Chartered Accountants Act, 1963 (Act 170).

An auditor or firm shall not practice without having registered and licenced by ICAG. There are currently about 7,757 members in good standing. Practice of auditing is sub-regulated by the Practice Society.

Since 2012, the auditing profession has been bound by International Standards Authority (ISA), standards for auditing, which makes auditors in Ghana amenable to global standards, which enjoin auditors to among other things be vigilant for indicators of ML/TF.

Further, auditors are bound by a code of ethics developed by an international body known as the International Ethics Standards Board, which forms part of the International Federation of Accountants. The current version being as recent as 2020.

Apart from sole proprietors, Act 992 requires all corporate bodies to subject themselves to auditing on an annual basis and must also file returns and attach the audited accounts of each year. Section 139(11) of Act 992 mandates companies to rotate their auditors every six years, and the auditor on rotation shall not be re-engaged until after a minimum cooling off period of six years. Also, section 95(b) of the Public Financial Management Act, 2016 (Act 921) requires public institutions to submit audited accounts to the Minister for Finance each fiscal year.

Section 41 of Act 804, EOCO may request a person who has been charged with any offence to declare the sources of property and income, which declaration must be lodged with the Auditor-General. Such declarations are typically useful after conviction to aid authorities enforce pecuniary orders or confiscate proceeds of crime. When required, the Executive Director may request the Auditor-General to furnish such declarations, which request must be obliged within 7 days.

Availability of Reliable Identification Infrastructure

The National Identity Register Act, 2008 (Act 750) and the National Identity Register Regulations, 2012 (LI 2111) mandate the National Identification Authority (NIA) to create a national register to capture personal information of Ghanaian citizens. This is to ensure that Ghanaians have national identification card (Ghana Card) with a unique identification number and other biometric features. The Register is an electronic database, the purpose for which is confined to matters of public interest.

NIA has since April 2019 been conducting mass registration to ensure that all Ghanaian citizens are enrolled. In 2022, the Government of Ghana took a stance that the "Ghana Card" was to be the only acceptable identity card for banking relations, as well as other sectors of the economy. BoG issued a Guidance Note dated January 19, 2022, directing all its regulated entities to accept only the "Ghana Card" issued by NIA for its KYC/CDD processes. By this, existing customers were required to update their CDD details with the Ghana Card, or risk losing ability to operate their accounts by mid-year, 2022. This directive was replicated across various sectors of the economy and has been effectively enforced. Currently, it is mandatory for all SIM cards to be registered using the Ghana Card, for all telecommunication networks operating in the country.

The data held by the NIA is accessible to both public and private sectors for verification of identities. The NIA reports that it has been able to register 17,920,903 Ghanaians, which is approximately 58% of the estimated total population of 30,800,000. Out of the 58% registered, 55% has been issued with the card. Prior to the above, 5 other institutions were recognized as issuing authorities of acceptable national identification documents including the NIA, Passport Office, National Health Insurance Authority (NHIA), Social Security and National Insurance Trust (SSNIT), EC and DVLA.

Availability of Independent Information Sources

Before the introduction of the national identity system, there was an electronic/digital platform known as the GVIVE on which AIs could verify the authenticity of identity cards issued by the EC, Passport Office and the DVLA. The Platform also enabled AIs to verify and match details of registered individuals. This was subject, however, to subscription and payment of periodic fees.

Additionally, AIs were required to verify the addresses of their clients using the utility bills provided. Ghana Water Company and Electricity Company of Ghana were seen to be responsive to the various verification requests made by the AIs.

ORC also maintains an electronic database of companies, their shareholders and directors as well as BO information which is accessible at a fee to AIs and at no cost to LEAs and competent authorities.

For the banking sector, BoG requires all its licenced entities to provide all credit information accumulated during their operations to Dun and Bradstreet/XDS Data Ghana Credit Bureaus (the two currently registered credit bureaus in Ghana). Each licenced entity is also required to register on the platform of at least one of the two credit bureaus. This gives easy access to information on clients to determine their creditworthiness or otherwise and for such other lawful purposes as may be required.

In terms of identification of physical location, Ghana has introduced the digital address system which is being enforced by the Ghana Post Service (GPS). It is therefore a requirement to indicate the digital address on all official forms. Additionally, most institutions have on their websites and letterheads, details of their digital address for easy identification.

Availability and Access to Beneficial Ownership (BO) Information

In line with the best international practices and in compliance with the FATF Recommendations, Act 992 mandates the ORC to obtain, verify and record information about BOs of companies held in its database. Ghana's definition of BO is found in Act 992, with complementary provisions made in Act 1044 and the Petroleum Exploration and Production (General) Regulations, 2019 (LI 2359). Following the passage of Act 992 and its Regulations, BO disclosure has become mandatory for both new and existing companies.

The BO information collected and stored electronically by ORC includes:

- i. Full name and any former or other name
- ii. Date and place of birth
- iii. Telephone number
- iv. Nationality, national identity number, passport number or other appropriate identification and proof of identity
- v. Residential, postal or email address, if any
- vi. Place of work and position held
- vii. Nature of interest including the details of the legal, financial, security, debenture or informal arrangement giving rise to the beneficial ownership, and confirmation as to whether the BO is a politically exposed person (PEP)

Act 992 stipulates sanctions for non-compliance in these terms:

- *A person who (a) fails to provide the BO required information, or provides false or misleading information to the Registrar commits an offence and is liable on summary conviction to a fine of not less than one hundred and fifty penalty units and not more than two hundred and fifty penalty units or to a term of imprisonment of not less than one year and not more than two years or to both.*
- *Where a company defaults in complying with the disclosure of BO information, the company and every officer of the company that is in default is liable to pay to the Registrar, an administrative penalty of twenty-five penalty units for each day during which the default continues.*

BO information is available and readily accessible to all LEAs at no fee. However, Als may be required to pay a fee for the BO information.

Key Findings

In assessing Ghana's ML vulnerabilities, it was established that through the collaborative efforts of investigators, prosecutors and judiciary, convictions were secured over the period under review. Additionally, assets were confiscated and some recovered.

LEAs and the judiciary continuously receive various levels of capacity building programmes. However, due to resource constraints these trainings are inadequate particularly for investigators, prosecutors and judiciary on asset recovery and management.

Recommendations

The following recommendations are made:

1. Provide legal framework for non-conviction-based confiscation.
2. Improve data collection mechanism through automation and centralization of data collection.
3. Enhance inter-agency collaboration to strengthen efforts against ML/TF/PF.
4. Develop and implement regular training programmes for investigators, prosecutors and judges to update skills and knowledge on ML/TF/PF.
5. Provide adequate resource allocation to LEAs and the judiciary to carry out their mandates.
6. Ensure effective enforcement of asset forfeiture laws and regulations by LEAs and judiciary as well as allocate adequate resources to the Asset Management Office (AMO).

BANKING SECTOR

Introduction

The banking sector in Ghana is regulated by the Bank of Ghana (BoG) as provided for by the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). The sector consists of licenced banks and non-bank financial institutions comprising of universal banks (23), development finance bank (1), savings and loans companies (26), finance houses (15), rural and community banks (147), microfinance institutions (177), leasing finance companies (2) and foreign exchange bureaux (401). According to BoG 2023 Annual report, total assets of the banking industry stood at GH¢297,547,980,000. The banking sector remains an irrefutably key contributor to the economy of Ghana.

Below is the distribution of assets of banks and non-bank financial institutions.

Institution Type	Number	Total Assets (GH¢ 'B')	Share %
Banks	23	274,921.53	92.40
Savings & Loans/Finance Houses & Leasing Finance Companies	43	9,551.33	3.21
Rural and Community Banks (RCBs)	147	1110374	3.73
Microfinance Institutions (MFIs)	177	1,971.37	0.66
Total	390	297,547.98	100

Source: Bank of Ghana Annual Report 2023

According to the BoG Annual Report for 2023, at the end of December 2023, the industry's aggregate balance sheet depicted impressive performance comparative to the year-ended December 2022. Total assets differential of GH¢62.9 billion was recorded during the comparative period (2023 - GH¢274.9 billion and 2022 - GH¢212.0 billion). The GH¢274.9 billion recorded during the year-ended December 2023 remained a fair reflection of robust growth in total assets, which were integrally funded by sustained growth in deposits and increased capital levels. Growth in assets was also largely driven by the revaluation of the foreign currency component of banks' assets, which increased the carrying amount in cedi terms on their balance sheet. Foreign currency denominated assets grew by 41 per cent in 2023, from the 51.2 per cent growth in 2022, while domestic assets grew by 25.6 per cent in December 2023, compared to 9.4 per cent in 2022. For the purpose of this report, the banking sector refers to banks, savings and loans, finance houses, mortgage and leasing companies and development banks.

Legal Frameworks for Banking Sector

There are legal frameworks to properly regulate the sector. The industry is regulated by BoG primarily while the Securities and Exchange Commission (SEC) has oversight responsibilities over publicly traded banks regarding the securities they issue and disclosures made to their investors. BoG and SEC can issue mandatory directives and notices as and when necessary. The supervisory functions of BoG are guided by but are not limited to the following legal frameworks:

- Foreign Exchange Act, 2006 (Act 723)
- Anti-Terrorism Act, 2008 (Act 762) as amended by Anti-Terrorism Act of 2012, (Act 842)
- Ghana Investment Promotion Centre Act, 2013 (Act 865)
- Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)
- Securities Industry Act, 2016 (Act 929), as amended
- Companies Act, 2019 (Act 992)
- Payment Systems and Services Act, 2019 (Act 987)
- Anti-Money Laundering Act, 2020 (Act 1044)
- Borrowers and Lenders Act, 2020 (Act 1052)
- Anti-Money Laundering Regulations 2011 (L.I. 1987)
- Companies Regulations, 2023 (L.I. 2473)
- BoG/FIC Anti-Money Laundering/Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction (AML/CFT&P) Guideline, December 2022
- AML/CFT/CPF Administrative Sanctions/Penalties for Accountable Institutions in Ghana, 2022
- Supervisory Guideline Note on the use of Ghana Card
- Directive on Enforcement of Third-Party Identification Involving Deposits and Withdrawals
- BoG Corporate Governance Directive, 2018
- BoG Fit and Proper Persons Directive, 2019
- SEC Corporate Governance Code for Listed Companies, 2020

The sector has over the years been the most robust and advanced sector in the fight against ML/TF/PF. There is a strong regulatory and supervisory framework regime to ensure the banking sector is not abused for ML/TF/PF purposes.

General AML Controls

Comprehensiveness of AML Legal Framework

In compliance with the FATF 40 Recommendations, Ghana has over the years become a major player in the global fight against ML/TF/PF by implementing an effective AML/CFT/CPF regime that sets out to achieve a multiplicity of objectives encapsulating legal, regulatory and institutional/supervisory frameworks.

There exist comprehensive laws and regulations relating to the prevention of ML/TF/PF particularly within the banking sector. In recent years, SEC has issued directives applicable to banks impacted and acting in the primary dealing and fund management industry. These laws and regulations of both regulators conform to the FATF 40 Recommendations and Basel Core Principles for Effective Banking Supervision. The interplay of these frameworks provides for an efficient implementation and management of the Ghanaian AML/CFT/CPF framework.

Supervision Procedures and Practices

The sector is supervised by BoG, which performs off-site surveillance and on-site examinations of all banks and Specialised Deposit-Taking Institutions (SDIs). BoG derives its supervisory powers regarding the supervision of ML primarily from Act 930 and Act 1044 and other legislations as stated under the legal framework. BoG and FIC also issue directives, circulars and guidelines to the banking sector.

In addition to the above, SEC has oversight responsibilities over several financial institutions (FIs) including banks and others, engaged in primary dealership activities or listed on the Ghana Stock Exchange. SEC has issued a Corporate Governance Code for Listed Companies, 2020 as well as directives.

BOG, as part of its statutory function of regulating supervising, and directing the banking and credit systems, ensures the smooth operation of the banking sector. It is charged with the primary responsibility of supervising and regulating the sector with the aim of ensuring high standards of banking practice and financial stability through its surveillance activities, as well as promoting an efficient payment system. It licences and carries out the prudential and non-prudential regulation and supervision of these banks and other financial institutions.

The Financial Stability Department of BoG, which is responsible for AML/CFT/CPF supervision in the banking sector, employs a risk-based supervision approach in its supervisory work. It has developed an off-site and on-site supervisory procedure manual that details all the processes and procedures for conducting effective supervision to ensure compliance with AML/CFT/CPF regulations in the banking industry. Additionally, the department has established a risk assessment framework to evaluate the inherent ML/TF/PF risks of all accountable institutions (AIs) in the sector, including appropriate mitigating control variables to determine the residual risk. The risk assessment is conducted using all relevant risk parameters including data collected from the banks. The objective of the risk assessment is to generate a risk rating for all their licenced institutions to provide comprehensive risk-based supervision. Furthermore, a three-year cycle of on-site examinations is conducted for all institutions, regardless of their risk rating, as stipulated in the Off/On-Site Supervisory Procedure Manual. The purpose of the examination is to assess the compliance level of these entities as regards their AML/CFT/CPF obligations.

FIC also organizes periodic workshops and seminars to sensitize the staff of banks, savings and loans, finance houses, mortgage and leasing companies on emerging ML/TF/PF issues and other financial crimes. It also has an oversight responsibility to conduct on-sight missions where necessary. It receives statutory returns/reports filed by the various institutions.

Availability and Enforcement of Administrative Sanctions

Section 92 (8) of Act 930 and Sections 52 and 53 of Act 1044 provide for administrative penalties against infractions of the AML/CFT/CPF regulations. Additionally, the BOG/FIC Administrative Sanctions/Penalties Regime provides for more effective, proportionate and dissuasive sanctions for various forms of AML/CFT/CPF infractions. In the case of an individual, an administrative penalty of not less than five hundred (500) penalty units and not more than twenty thousand (20,000) penalty units while in the case of an entity, an administrative penalty of not less than one thousand (1000) penalty units and not more than one hundred thousand (100,000) penalty units are imposed. The fine may be imposed not only on the financial institution, but also on the person responsible, including the employees, AMLROs, management and board of directors of the entity.

Administrative sanctions have played a significant role in ensuring an increased level of compliance across all tiers of institutions in the banking sector in terms of regular filing of returns, monitoring of transactions, conducting adequate customer due diligence, to reporting of suspicious transactions to FIC. It is evident

that the banking sector has adequate AML/CFT/CPF administrative sanctions and penalties in place and punitive enough to deter criminals.

Availability and Enforcement of Criminal Sanctions

Ghana has adequately criminalized ML/TF/PF as contained in Act 1044 and Act 762, as amended. Act 1044 provides for a range of ML predicate offences and other ancillary offences relating to financial malpractices and crimes. Non-compliance with any of the provisions, statutory or regulatory requirements under the Act attracts penalties as stated in sections 4, 48 and 61 of Act 1044. Some of the offences attract monetary penalties, terms of imprisonment or both. Specifically, section 4 of Act 1044 provides for penalties upon conviction for a term of imprisonment of at most ten (10) years in case of an individual or a fine not exceeding five hundred percent (500%) of the proceeds of money laundered and in the case of a corporate entity, a fine of not less than three hundred percent (300%) of proceeds laundered.

Additionally, the sanctions provided for under Act 1044 apply to employees, directors and senior management of AIs to positively influence individual behaviour patterns. Several sensitization exercises have been undertaken to create awareness needed within the sector.

From 2019 to 2023, a total of 383 criminal cases were investigated by LEAs relating to the banking sector

Case Study 10: Republic V. William Ato Essien (2023)

The convict was the CEO and majority shareholder of Capital Bank Limited. He was charged with 16 counts of offences including conspiracy to steal, stealing various sums of money and money laundering. He eventually pleaded guilty to all the sixteen (16) counts and was convicted.

In a settlement agreement reached with the prosecution, the convict was required to refund a total amount of GHS 90 million to the Republic as reparation and restitution, within prescribed timelines, failing of which he would be issued a custodial sentence. He paid the first tranche amounting to GHS 30 million on December 1, 2022, but failed to make the other payments and was sentenced to various concurrent imprisonment terms, the highest being 15 years.

Availability and Effectiveness of Entry Controls

BOG has a very comprehensive licencing framework for the banking sector in Ghana, which includes:

1. Digitalisation of the application process and the submission of returns using a reporting system known as Online Regulatory and Analytical Surveillance Software (ORASS).
2. A rule-based approach to the licencing regime
3. BoG-approved Corporate Governance Directives for the banking industry
4. A 'Fit and Proper' Test Guideline including beneficial ownership disclosure for shareholders, directors, key management personnel and other employees that is strictly adhered to
5. A return submitted by all banks on disengaged and engaged staff which ensures the identification and adequate due diligence of staff movements in the industry

Integrity of Banks' Staff

Banks generally consider their employees to be safe from criminal acts as they have recorded low incidences of integrity failure or willful blindness to suspicious transactions. When bank officers are in collusion with criminals or are under the influence of corruption or are corrupt, they undermine the effectiveness of measures regarding the prevention of ML, making banks vulnerable to ML.

To ensure high integrity within the banking sector, it is a requirement under the BoG Corporate Governance Directives for every licenced institution to seek clearance from BoG before it appoints directors and key management personnel. BoG conducts comprehensive due diligence on the nominees penciled for such appointments. Any adverse findings by BoG are grounds for refusal. For instance, in 2024, the Banking Supervision Department of BoG declined the application of a non-executive director of a bank on grounds of conflict of interest which breaches the Corporate Governance Directives and Act 930. Additionally, section 49(2)(b) of Act 1044 requires AI to have adequate screening procedures to ensure high level standards when hiring an employee and during the employment of that employee. FSD also maintains a database of banking staff who have been relieved of their duties from various FIs for various reasons including fraud. Banks are therefore required to refer potential employees to FSD to be screened against this database and issue advisory letters/reports to institutions on applicants.

The 'Fit and Proper' directive issued by Bo G obligates banks to conduct fit and proper assessments on directors and key management personnel at least annually or whenever the licenced institution becomes aware of information that may materially compromise a person's fitness and propriety. External auditors are required to review the composition of the board and key management personnel in line with the provision of the Fit and Proper Directive. They are also required to report to BoG on all breaches or potential breaches of the Directive noted in the course of its work.

AML Knowledge of Banks' Staff

In accordance with sections 49(2)(c) and 50(1)(a) of Act 1044 and Part 2.3.5.3 of the BoG/FIC AML/CFT&P Guideline, 2022, all AIs are required to continuously train their staff at all levels including the board on AML/CFT/CPF. To ensure compliance with AML/CFT/CPF obligations, banks submit their annual training programmes for the ensuing year and subsequently submit a compliance report semi-annually indicating the number of personnel and the relevant target areas trained.

BoG, SEC and FIC also organise periodic workshops to enhance the knowledge level of compliance officers of banks and SDIs. According to the AML/CFT/CPF Guideline, 2022, AIs are encouraged to fully participate in all AML/CFT/CPF interactive programmes organised by BoG and/or FIC and failure to attend shall attract administrative sanctions.

Compliance Systems

Ghana has established a robust and resilient regulatory framework to support a sound AML compliance function, as evidenced by the AML/CFT/CPF legal framework. This is anchored by Act 1044, and L.I. 1987, which provide comprehensive compliance requirements, as well as sanctions and penalties for non-compliance. Consequently, all licenced banks are mandated to appoint a sufficiently resourced independent officer at senior management level, designated as the AMLRO.

Supervisory experience indicates that compliance controls within the banking sector are generally effective. AIs have established policies and procedures guiding their AML/CFT/CPF compliance operations. These policies cover customer onboarding requirements, ongoing customer due diligence (CDD) and the screening of customers against sanctions lists. Additionally, banks have implemented comprehensive risk assessment frameworks that categorize individual customers' risk statuses into various risk bands.

Independent audit reviews of licenced institutions continue to play a critical role in assessing the effectiveness of the compliance functions, ensuring that the compliance programs are executed thoroughly. Banks have established a Compliance Forum for Chief Compliance Officers and AMLROs, which actively engages with BoG and FIC on AML/CFT/CPF compliance matters. This platform is instrumental in deliberating AML/CFT/CPF regulatory issues, standardising policies across the banking industry and ensuring alignment with Act 1044 and the BoG/FIC guidelines.

Overall, the banking sector in Ghana is generally observed to be effective in its compliance controls.

Suspicious Activity Monitoring and Reporting

All licenced institutions have effective and appropriate systems for record-keeping, monitoring and reporting of STR through the goAML platform to support their AML/CFT/CPF policies and procedures. The goAML has enhanced the adequacy, accuracy and timeliness of STRs, CTRs and other mandatory reports filed by AIs. The goAML has further improved the analysis of reports filed to FIC and the quality of intelligence reports disseminated to LEAs.

AIs keep records for a minimum of five (5) years after terminating business relationship and these are available to FIC and other competent authorities upon request. All banks, savings and loans companies and some finance houses have acquired AML Solutions (information systems) for screening of customers to enhance transaction monitoring of clients and reporting of suspicious transactions.

FIC monitors the activities of the AIs through the review of reports filed to assess their compliance level. FIC has over the years disseminated several STR related intelligence received from banks to relevant LEAs for investigation and possible prosecution.

Level of Market Pressure to Meet AML Standards

Market pressure is the regulatory requirement that exert significant pressure on bank management structures to adhere to standards regarding the prevention of ML/TF/PF. It also includes pressures from both national and international legal and supervisory regime, such as those from commercial partners, including correspondent banks or in some cases banks that share Relationship Management Applications (RMA).

In compliance with international standards, banks provide the relevant information and documents, complete the Wolfsberg Questionnaire as well as provide evidence of compliance with the US Patriot Act and other relevant sanctions systems, including the SWIFT Sanctions Screening System.

With respect to Money or Value Transfer Services (MVTs), the relevant FATF Recommendation requires any natural or legal persons working as agents to be licenced or registered by a competent authority. MVTs providers are also required to make their lists of agents accessible to competent authorities in the countries where the MVTs provider and its agents operate. In Ghana, MVTs providers who use agents are required to include them in their AML/CFT/CPF programs and monitor their compliance.

Availability and Access to Beneficial Ownership Information

Companies are mandated by Act 992 and L.I. 2473 to disclose the Ultimate Beneficial Owner (UBO) at the point of registering a new company or where there is an existing company, companies are required to update their records and submit BO information. Failure to file BO information is sanctionable. The BO register resides with ORC, which acts as the custodian of the data. The BO data is readily available and accessible promptly to all competent authorities and AIs within the country. AIs as part of their KYC/CDD measures collect BO data. The assessment affirmed that banks, finance houses and savings and loans identify UBO for all accounts opened.

Availability of Reliable Identification Infrastructure

Ghana has implemented a unique identification system known as the National Identification Card (Ghana Card). It is a valid verification document issued by the NIA to Ghanaians and permanent resident foreign nationals for identification. NIA serves as the national data center that manages all the data related to the Ghana Card to ensure the accuracy, integrity and security of such data. The card is biometric and has several verifiable features which have so far boosted the KYC/CDD measures within the banking sector.

The assessment revealed that 85% of banks, savings and loans and finance houses can verify the identity of their customers, which is indicative of a reliable identification infrastructure within the country.

Inherent Vulnerability of Selected Products/Services

The banking sector offers a wide range of lending and deposit products/services to customers. These products/services can be broadly classified under corporate and retail banking. Key lending and deposit products offered by the sector are discussed below.

International Money Transfer

Available information indicates that the volume and average transaction size of this product are low and medium-low respectively. This product has high risk exposure to clients from offshore jurisdictions, PEPs and high net worth individuals. The product is highly exposed to ML/TF/PF risks based on the frequency of international transactions however, the cash activity is low. Other vulnerable factors such as low exposure to anonymous use of the product remain positive. There exists evidence of ML typologies on the abuse of the product, use of the product in fraud or tax evasion schemes. Also, there is the tendency of using this product on a non-face to face basis, a high exposure to the use of agents, i.e. other offshore and local FIs.

However, there exist some AML/CFT/CPF controls for this product. Banks comply with the AML/CFT/CPF guideline which requires them to ensure that all cross-border wire/electronic transfers contain the details of the originator and the beneficiary. With the introduction of the Integrated Customs Management System (ICUMS), banks are required to verify the status of trade documentation before transfers are effected.

As part of measures to streamline the use of Advance Payment as an international trade payment method, BoG issued a directive with No. SF/BK/32/2024/06 dated June 28, 2024, requiring importers with accounts in different banks to commence and complete an Advance Payment transaction through one bank.

Domestic Money Transfer

This product has a low transaction value, but a high average transaction size in relation to the monthly GDP level. The product continues to have more retail clients (i.e. individual customers) than corporate clients, rendering the client base low risk.

The AML/CFT/CPF controls for this product include disclosure of beneficiary and remitter details, screening of the transactions against watch list, thresholds among others. Licenced entities are not allowed to execute domestic transfers if they do not comply with the above requirements.

Current Accounts

The current accounts considered here include all individual and corporate current accounts. This product has relatively medium-high transaction values and high average transaction size. Cash activity remains high. The statistics show that the industry is reliant on the product as the highest contributor to the product base of the banks. The client base remains high risk for this product with the existence of PEPs and high net worth individuals. The existence of deposit and investment features is available and prominent, cash activity levels remain high with a medium exposure to international transactions. The product is exposed to both international and domestic money transfer features.

There are AML/ CFT/CPF controls for this product, including identification of transactions with Ghana Card; third-party withdrawal limit of GH¢5,000 over the counter per BoG regulatory requirements; source of funds and purpose of transactions are collected at the point of depositing cash or cheque into current accounts.

Additionally, the product does not allow anonymous/omnibus use and ensures tracing of transaction records.

Savings Accounts

The product has low transaction value and medium low average transaction size. The client base is medium with more retail clients than corporate clients. Clients include PEPs and high net worth individuals. The existence of deposit and investment feature is available and prominent, cash activity levels are noted to be high with a medium low exposure to international transactions. There exists exposure to ML typologies, fraud and tax evasion, however no anonymous feature exists with this product. The low level of anonymous transactions in these products reduces their inherent ML/TF/PF risk.

The introduction of the Ghana Card tied to every account holder has significantly reduced the vulnerability of this product. Licenced institutions collect information on the source of funds and purpose of transaction at the point of deposit. The product/service allows tracing of transaction records.

Fixed Deposits

Fixed deposit accounts are usually opened via transfers from existing accounts and occasionally by using cash. The value of the transaction and the average transaction size of this product are high. Product has a significant number of clients who are retail, PEPs and high net worth individuals. The existence of deposit and investment feature is available and prominent based on the features of the product. The cash activity levels are noted to be medium-high with a low exposure to international transactions. There is no anonymous feature with this product and there is ease in tracing related documents.

This product does not allow for non-face-to-face. There exist specific AML/CFT/CPF controls such as customer identification and verification with Ghana card; the product is designed for an existing client of the bank and the source of funds is known.

Cash Collection Services

The product has a low value contribution to total transactions, but a medium-high average transaction size. It is a deposit service banks render mainly to legal entity clients whose daily sales are heavily maintained in cash. Most of the clients are retail and small and medium-scale enterprises, however some clients are PEPs and high net worth individuals leading to medium risk client exposure. Cash activity is high with no international transactions' exposure, however, there exist a medium exposure to agents' involvement as the service is mainly outsourced.

There is ease in tracing documents and licenced institutions have specific AML/CFT/CPF controls for this product which include monitoring of the cash collection to ensure that they are consistent with customer's KYC profile; cash collection service uses trained personnel and a fleet of armored money transport vehicles to pick up cash at customer's chosen location. The product/service does not have the potential of being abused for ML/TF/PF.

Foreign Exchange Account (FEA)

This product has medium-low transaction volume and a high average transaction size. Most banks indicated the product contributes a lot to their overall business. The client base is high risk as the profile of clients of this product includes PEPs and high net worth individuals.

The product has an investment deposit feature and a medium-high exposure to frequent international money transfer features. Vulnerable factors for this product include limited exposure to ML typologies, fraud and tax evasion, while non-face-to-face features do not generally form part of the features of the product. The AML/CFT/CPF controls for this product include provision of information relating to beneficial owner disclosure, source of funds and purpose of deposit.

Foreign Currency Accounts (FCAs)

This is one of the highly regulated foreign accounts in the banking industry. It has regulatory restrictions on the type of transactions that can be credited into such accounts.

This product has low transaction volumes. Product is predominantly patronized by corporate and semi-corporate clients. It has other vulnerable features such as offshore clients and tax haven jurisdictions, PEPs

and high net worth individuals and lending to a medium risk client profile. The product has an international money transfer feature and investment deposit features with low exposure to cash activity.

Due to regulatory restrictions/controls, the product has limited exposure to ML typologies. Evidence of source of funds is obtained before funds are credited into FCA. The product/service does not have the potential of being abused for ML/TF/PF purposes.

Wealth Management/Private Banking

Private banking is the provision of banking services including cash and deposit features to exclusive and mostly affluent individuals. Most of the clients are supposed to be at the high end of the income bracket. However, during the NRA exercise it was observed that currently banks in Ghana have chosen to use the term private banking but are doing very little 'real and true' private banking. Private banking in the Ghanaian banking sector while developed since 2018 is still not fully developed in the real sense and features of the product. Clients with a "certain" income level" or functional role are lopped in the private banking category.

This product is highly susceptible to ML because of the status of clients such as influential figures, PEPs, Financially Exposed Persons (FEPs), who could use their influence to circumvent the system to launder illegally obtained proceeds. The client base is therefore high risk.

The product contributes less to the overall business of most licenced institutions. The product has more retail clients than corporate clients. Investment products and international money transfers are available and highly patronized with this product.

Elements of vulnerability include exposure to fraud and tax evasion. Preferential services provided to private banking clients include confidentiality in service delivery, personal travel arrangements including for family members, home-delivery for cash and safe deposit box services. The provision of these personalized services extends beyond relationship management to personal friendship which in some instances poses vulnerability as the relationship manager can act under willful blindness towards certain transactions.

Notwithstanding the vulnerabilities with this product, banks comply with AML controls which includes identification and verification of clients using the Ghana card, enhanced due diligence, continuous transaction monitoring of clients and prior management concurrence with a view to mitigating the ML risks associated with this product.

Mortgage Loans

This product has a low volume of transactions as not all banks offer this product. The profiles of clients for the product are mainly retail clients including PEPs and high net worth individuals as well as Ghanaians living abroad. The limited deposit feature enables the repayment of the facility and may be received in cash. Specific AML/ CFT/CPF controls for this product include establishing sources of funds and wealth of the prospective homeowner.

Trade Finance Services

This refers to the means of financing international transactions to mitigate the risk of default on payments for goods and services and ensure the reliability of the transactions such as issuance of letters of credit and other instruments. This product has low transaction volumes and medium transaction size. This product contributes a lot to the overall business of banks as it is mostly used by corporate clients. The risk profile of the client is medium. There are no deposit or investment features and the level of cash activity is low.

It has a prominent international money transfer feature and a very high frequency of international transfers. The use of correspondent bank provides a high exposure to the reliance on agents. The products' vulnerability includes over and under invoicing, phantom shipment, misclassification of goods and shipment.

The AML/CFT/CPF controls for this product include verification of the trade documents on the ICUMS platform; banks conduct "price index" searches to ascertain whether the prices of products involved are reasonable to mitigate against over/under invoicing practices and screening of the transactions on SWIFT transaction screening.

Loans and Advances

The role of financial intermediation is cardinal to the economic development of the country. This product has low transaction volumes and high transaction size. The product contributes a lot to the bank's overall business. Loan interests drive significant portion of bank's profit before tax. The product is patronized by both retail and corporate clients. Cash activity is medium low since debtors and defaulters can pay off their indebtedness with cash.

The ML vulnerabilities include sudden payoff of loans and payment by third parties that are not related to the credit or loans secured with a third-party collateral. AML/CFT/CPF controls that are applied for this product includes customer identity verification with Ghana card and other KYC information are met before facility is disbursed. Before the relationship is established, clients are screened against the applicable sanction lists. It is also a mandatory requirement to screen the prospective borrower on credit reference platforms.

NBFI Clearing Services

This is a cheque clearing service few banks offer to Non-Bank Financial Institutions (NBFI) to enable clients of the NBFI to receive and make cheque payments. In Ghana, NBFIs are not part of the Central Bank's central clearing system (house) and so cannot directly clear their own cheques. To do cheque clearing, NBFIs use licenced deposit banks. As clients of the banks, NBFIs also enjoy credit facilities from the banks in the form of revolving overdrafts and deposit placement activities. Thus, the banks serve as quasi-correspondent banks.

Banks which engage in this service face indirect risk of ML/TF/PF as they cannot verify the identities of clients of these NBFIs and their source of funds as NBFIs AML/CFT/CPF controls are less stringent compared with licenced deposit banks. However, banks have obligatory requirements to ask these NBFIs to show proof of their AML/CFT/CPF regimes before they deal with them.

The product has very low transaction volumes, low transaction size and no international transfer feature. Banks indicated that specific AML/CFT/CPF controls for this product do exist and are comprehensive. This includes the periodic assessment of the AML/CFT/CPF control systems of the NBFIs and the cheques are screened to detect counterfeit/cloned cheques. It is by conversion that the paying institution confirms payment from the drawer before value is given.

Electronic Banking Services

The e-banking channels assessed are Automated Teller Machines (ATM), Point of Sale (POS), internet banking and mobile banking. This product has a moderate volume of transactions and average transaction size. Electronic banking in Ghana is still developing. Electronic banking services that are mostly used by customers of licenced institutions are ATM and POS services. Customers use cards to withdraw cash from the ATMs and deposit cash while POS devices are used for payment of goods and services. Other types of electronic banking products are online banking platforms and mobile banking apps.

The customer profile of this product consists predominantly of retail clients. The patronage of this product by PEPs and high net worth individuals is low. Even though there exist deposit features with the product as well as availability of ML risk on the abuse of the product, the level of cash activities on the various electronic products are very low. Availability of non-face-to-face exists in the product. The product is prone to some level of fraud and tax evasion schemes but with low vulnerability.

With regards to ATM, the issuance of debit cards on individual and corporate accounts which allow users to withdraw cash (in aggregate) both within and across the border increases the risk associated with this payment channel. There exist comprehensive AML/CFT/CPF controls for this product such as the transaction monitoring, transaction limits, implementation of chip and pin cards and second level authentication for some electronic platforms.

Digital Banking

The hikes in the nationwide usage of smart phones in recent past years coupled with the demand for improved convenience by clients is currently spurring the growth of digitalisation of the financial sector at an exponential rate. Digital banking services are mostly transacted using mobile banking applications and Unstructured Supplementary Service Data (USSD) applications leveraging on Global System for Mobile Communications (GSM) services provided by telecom organisations in Ghana. These services allow customers to transfer funds, deposit funds and pay for goods and services.

Other banking services such as cheque ordering, balance enquiry and Push & Pull are also performed on the digital platform. This product has a low volume of transactions and average transaction size. Digital banking services are mainly consumed by retail clients and have a low number of PEPs and a few high-net-worth individuals. There exists non-face-to-face use of the product, limited international transaction features and cash activity in this product is low.

There exist specific ML/TF/PF controls such as transaction limit and the use of the Ghana Card for identification and verification.

Mobile Money Services

This product is a collaboration between banks and telecom companies (telcos) and has grown significantly during and post-COVID-19 pandemic. As part of efforts to drive the digitalisation agenda and to provide enhanced convenience for customers, new features such as transfer of funds from mobile money wallets to bank accounts have been made operational leveraging on the Ghana Interbank Payment and Settlement Systems (GHIPSS) interoperability platform. This is largely due to the continuous improvement in controls and regulations being put in place by BoG in collaboration with other stakeholders such as banks, telcos and FIC.

The product has moderate transaction volumes and relatively very small average transaction sizes in value due to transaction limits placed on wallets. It is mostly patronized by individuals, both clients and non-clients of banks. The product involves low-cash activity and has an element of non-face-to-face interaction. The product has investment and deposit features but has a low frequency in international transactions as it only has a feature to have international remittances terminated in wallets but without an ability to transfer funds abroad. There is no anonymous/omnibus use of the product as every user must be registered and identified with Ghana cards for individuals and proof of business registration for corporate and commercial entities. While there are ML risks with the product especially for fraud schemes, it is very low on tax evasion schemes since there is an inbuilt tax structure in its delivery bringing all users into the tax bracket. Transactions on the mobile money services are easy to trace and records are kept for a minimum of five (5) years after termination of the business relationship.

Summary of Findings

The banking sector is the largest sector in the financial services industry. The sector is well governed and managed owing to strong supervision from BoG. The sector is vulnerable to ML/TF/PF risks because of the significant role it plays in the economy. Banks have adequate AML/CFT/CPF measures in place to reduce the risk of ML/TF/PF. The main ML/TF/PF threats to the banking sector are cash transactions and a few vulnerable products such as private banking and current accounts. The other areas of priority identified were the availability and enforcement of criminal sanctions and market pressure to meet AML standards.

Recommendations

To reduce the vulnerability emanating from the banking sector, the following recommendations are made in order of their priority.

1. BoG and FIC should engage government agencies such as ORC to make BO information/documents available to banks at no or minimum cost to promote CDD.
2. BoG and NIA should provide alternative means of verification of the Ghana Card in the event of technical challenges with the existing verification system.
3. BoG should expedite the implementation of the cashless system.
4. Banks and NBFIs should regularly improve the knowledge of their employees regarding their understanding on ML/TF/PF and their obligations.

SECURITIES SECTOR

Introduction

The securities market in Ghana is regulated by the Securities and Exchange Commission (SEC) which derives its mandate from the Securities Industry Act, 2016 (Act 929), as amended, by the Securities Industry (Amendment) Act, 2021 (Act 1062).

As of December 2023, SEC had licenced a total of two hundred and eighty (280) market operators (MOs) in the securities industry including, fund managers (82), mutual funds (52), unit trusts (30), custodians (18), private fund (7), trustees (8), real estate investment trust (REIT)(2), exchange traded fund (1), broker dealers (31), investment advisors (11), registrars (4), issuing house (12), primary dealers (12), depositories (1), securities exchanges (2), credit rating agencies (2) and note trustees (5).

Size of the Securities Sector per GDP

The table below shows the size of the Securities Sector per GDP.

Year	Market Capitalization (MC) per Gross Domestic Product (GDP) in GH¢ billion		
	GDP (GH¢ billion)	Market Capitalization (GH¢ billion)	MC % of GDP
2019	356.54	57	16%
2020	391.94	54	14%
2021	461.69	64	14%
2022	614.34	65	11%
2023	841.63	73.9	8.8%

The market capitalization of the Ghana Stock Exchange (GSE) as a proxy of the securities sector grew from GH¢57 billion in 2019 to GH¢73.9 billion in 2023 representing a growth of 29.7 per cent. During the period under review, the sector witnessed a notable rise in trading activities in the bonds market and diversified investments through additional licencing of Private Equity Funds, Venture Capital Funds and REITs.

AML/CFT/CPF Legal Framework

Supervisory functions of SEC are guided by the following legal frameworks among others:

- Anti-Terrorism Act, 2008 (Act 762)
- Anti-Terrorism (Amendment Act), 2012 (Act 842)
- Anti-Terrorism (Amendment Act), 2014 (Act 875)
- Securities Industry Act, 2016 (Act 929), as amended
- Anti-Money Laundering Act, 2020 (Act 1044)
- Anti-Money Laundering Regulations, 2011 (L.I.1987)

In light of the above, SEC has the responsibility to develop and enforce regulations for the Securities Sector and impose sanctions where necessary. In addition to the above SEC in collaboration with FIC, has developed AML/CFT/CPF Guidelines for Market Operators and Administrative Sanctions.

AML/CFT/CPF Controls

Supervision Procedures

The amendment to Act 929 coupled with the passage of Act 1044 has enhanced the legal and regulatory framework of the sector. SEC has a clearly defined AML/CFT/CPF supervisory mandate and has in place the appropriate powers and resources to execute its mandate. Its risk-based approach to on-site and off-site inspection has been further enhanced with the support from the International Monetary Fund (IMF) and other technical assistance provided regarding the development and implementation of the risk-based supervision manual and capacity building programmes for the staff of SEC which has facilitated effective supervision of their regulated entities. Accordingly, there exist effective supervisory and monitoring procedures/framework.

Availability and Enforcement of Administrative Sanctions

SEC administers administrative sanctions that are effective, proportionate and dissuasive and conform to the provisions of Act 1044 and its regulations. The administrative sanctions have been revised to conform to the FATF Recommendations.

Availability and Enforcement of Criminal Sanctions

The criminal sanctions are effective, proportionate and dissuasive and conform with the provisions of Act 929, as amended.

Availability and Effectiveness of Entry Controls

The securities sector has licencing guidelines that apply to all legal persons who are required to be licenced by SEC. According to SEC licencing guidelines, all applicants must be duly incorporated by ORC. The Approvals and Licencing Committee of SEC is responsible for reviewing licencing-related matters and making recommendations to the board of SEC for approval.

SEC conducts fit and proper tests including BO verification on prospective licencees by engaging the services of LEAs and ORC to run criminal background checks on applicants, shareholders, UBOs, board of directors and key management personnel. The applicants are required to complete a comprehensive electronic form which records the personal, educational, employment, financial status or solvency and information on referees, which are then verified.

Integrity of Staff in Securities Firms

The integrity of staff within the securities sector is assessed through vetting programmes such as pre-employment screening and lifestyle monitoring, implementation of policies like conflict of interest, code of conduct, whistleblowing, confidentiality and other disclosures.

AML Knowledge of Staff in Securities Firms

This has been demonstrated by MOs' implementation of board-approved AML/CFT/CPF training programmes and other capacity-building programmes organised by various stakeholders like SEC, FIC, GIABA and Association of Capital Market Compliance and Anti-Money Laundering Reporting Officers (ACCAMRO). To this end, staff are aware of their AML compliance, reporting procedures and obligations.

Compliance Function

The licencees have comprehensive, risk-based and well-resourced compliance functions. There exists good corporate governance with the board of directors having complete oversight responsibility on the compliance function, appointment of AMLROs at senior management level, independent testing of AML/CFT/CPF Compliance Programmes, policies and procedures, training and awareness of staff including board of directors.

Effectiveness of Suspicious Transaction Monitoring and Reporting

Staff of licenced institutions understand the scope of their reporting obligations on suspicious transactions and activities through regular training undertaken by the institutions. Additionally, licencees have effective and appropriate systems for record keeping and monitoring transactions.

Availability and Access to Beneficial Ownership Information

MOs verify the BO details of their corporate customers from various sources including ORC's BO register.

Availability of Reliable Identification Infrastructure

The use of reliable national identification systems, such as the Ghana Card by MOs has enhanced customer identification and verification programmes. It has further enhanced the integrity and effectiveness of the AML/CFT/CPF framework within this sector.

Availability of Independent Information Sources

The various sources of information needed to conduct CDD are mostly credible, reliable, independent and readily available. Data accessed from third party sources for purposes of conducting further due diligence can be deemed dependable.

Inherent Vulnerability Variables

The analysis focused on three key institutional types: Broker-Dealers, Fund Managers and Investment Advisors. These institutions form the core of the securities sector due to their significant asset size.

Broker-Dealers

The Broker-Dealer institutional type consists of entities that trade on the Ghana Stock Market, the Ghana Fixed Income Market and the Commodities Market. As of December 2023, the total asset size of broker-dealers was approximately GH¢76 billion. Investment portfolios are complex and diverse, comprising debt, equity or hybrid instruments. However, the client base does not significantly include PEPs, non-residents or high-net-worth individuals but has a mix of individual and institutional clients.

Regarding deposit features, clients do not engage in direct cash deposits. Instead, electronic transfers and cheque transactions are the predominant methods for investments. This institutional type generally had an illiquid financial environment, as many financial instruments, such as government bonds and equities, were not actively traded. International transactions within this institutional type were limited due to regulatory restrictions.

Fund Managers

The fund managers' institutional type consists of mutual funds, unit trusts, custodians and trustees. In recent years, the Commission has expanded licencing to include REITs, exchange-traded funds (ETFs), venture capital funds and private equity funds. As of December 2023, the total assets under management (AUM) for fund managers stood at GH¢ 156 billion.

Investment in portfolios was complex and diverse, primarily guided by clients' instructions. Funds received from clients were allocated across various asset classes, including equities, fixed income securities or a combination of both. The client base mainly comprised individuals and institutional investors, with limited exposure to customer types such as PEPs, high net-worth individuals and non-resident clients.

Transactions within this sector were predominantly conducted through electronic transfers and cheques, with small amounts of cash deposits, thereby mitigating cash-related ML risks. Additionally, this institutional type was generally illiquid, as its assets were not easily convertible to cash. Due to regulatory restrictions, international transactions within this institutional type were limited.

Investment Advisors

The investment advisors' institutional category is complex and diverse compared to broker-dealers and fund managers. Their portfolio offerings included advisory services in respect of private wealth management, merger and acquisition services, corporate financing, private equity fund, venture capital and private placement, among others. Over the past five years, the investment advisory segment of the financial sector has seen substantial growth, driven primarily by the entry of a new player into the industry, which has led to a total of GH¢4.9 billion in investment advisory in Ghana. The client base for investment advisors is a mix of high-net-worth individuals, PEPs, non-resident clients, institutional and individual clients. This diverse client profile raised the potential for higher risk in terms of ML.

Due to the advisory nature of the business, this institutional type generally has an illiquid business environment, as assets managed by these institutions are often not immediately convertible to cash due to the long-term nature of investment. The use of electronic transfers and cheques is prominent for investment and deposit activities, as these institutions are not directly involved in accepting cash from clients. Also, international transactions within the securities sector are limited due to regulatory restrictions. This limits exposure to cross-border risks but also affects the institutions' overall liquidity and transaction flexibility.

Other vulnerable factors

Anonymous/Omnibus use of the product in the institution type

All three institution types do not allow anonymous use because Act 1044 does not permit the operation of anonymous accounts. However, omnibus accounts such as mutual funds, unit trusts and REIT exist in the sector.

Difficulty in tracing records

Records in the securities industry are easy to trace because there are effective record-keeping management systems in place.

Non-face-to-face use

There are few non-face-to-face delivery channels in the securities sector, with customers such as marketing executives, lawyers, accountants, banks and telcos accounting for 36.6% of interactions. In contrast, 63.4% of engagements in the sector use face-to-face channels.

Level of Cash Activity

There is less cash activity in the securities sector for both deposits and withdrawal.

Key Findings

The assessment showed that the ML/TF/PF risk in the securities sector was rated as "medium-low." This indicates that there are measures such as effective supervision, effective entry controls, staff integrity, AML/CFT/CPF knowledge among staff and effectiveness of compliance function in place to mitigate and prevent ML/TF/PF.

Recommendations

The key recommendations are designed to address specific vulnerabilities within the current system, ensuring a comprehensive and resilient approach to AML/CFT/CPF in the securities sector.

1. Adequately staff AML Unit of SEC to ensure efficient monitoring for compliance.
2. Enhance the verification of the National Identification System to facilitate effective CDD measures.
3. SEC should enhance fit and proper measures for the approval and appointment of AMLROs.

INSURANCE SECTOR

Introduction

Insurance penetration is comparatively very low in Ghana. Insurance penetration which is defined as the contribution of total insurance premiums to GDP is less than 2% (*source: NIC*). The sector comprises non-life, life, reinsurance and intermediaries (direct brokers, reinsurance brokers, loss adjusters, technical service providers and agents). The table below shows the number of companies operating within the insurance sector.

Table: Number of companies in the Insurance Industry

Company	Non-Life	Life	Reinsurers	Insurance Brokers	Loss Adjusters	Reinsurance Brokers	Reinsurance Contact Office
Number	26	18	3	113	2	5	2

Source - NIC

Insurance products are distributed either directly by the companies, or indirectly through insurance broking firms or sales agents (individuals and corporates). Distribution of insurance products, particularly micro-insurance products through telecommunication companies and other digital channels has gained significant traction in recent times.

The insurance sector is regulated by the National Insurance Commission (NIC) which derives its mandate from the Insurance Act, 2021 (Act 1061) which emphasises the AML/CFT/CPF obligations of players within the sector and provides specified sanctions for various categories of infractions. Additionally, there is AML/CFT/CPF guidelines for the sector. The designated AML/CFT/CPF unit within NIC supervises compliance in the industry and efforts are underway to continually resource staff, in terms of capacity building, technical and logistical support.

Due to the nature of the insurance business, financial underwriting requires risk assessment processes including ML/TF/PF risks. Largely, the industry remains unattractive to money launderers and decreases the sector's exposure to ML/TF/PF activities.

Life insurance, brokers and reinsurance companies are considered the vulnerable players within the risk context of the industry. Insurance companies are required to have part of their initial capital in cash or near cash. There are adequate mechanisms to ensure that no illegally acquired wealth ends up being invested in the sector. Also, some life insurance companies accept cash in settlement of outstanding premiums. Premiums for some micro-insurance products are small; and the source of premium payment is largely electronic. Companies may also offer to pay low surrender values through digital payment platforms such as mobile money. Remarkably, the use of digital fora to distribute products has introduced stricter controls making it more difficult for the sector to be used as a conduit for ML.

Actors in the Insurance Industry

Non-Life Insurance Companies

Non-life insurance companies cover risks for the short term. Risks such as motor, fire, marine and aviation, accident and bonds fall under this type of insurance. Up until 2006, motor insurance remained the only compulsory insurance in Ghana in accordance with the Motor Vehicles (Third Party Insurance) Act, 1958 (Act 42). Currently, public liability, professional indemnity, commercial buildings and marine cargo insurances have been made compulsory under Act 1061.

Premiums for non-life policies are paid annually while claims are made only on crystallization of an insured event. In terms of geographic concentration, non-life companies are predominantly located in urban centers or regional capitals where premiums generated as well as policies sold are due to the comparatively larger population.

Life Insurance Companies

Life insurance covers risks over a long period. The main products sold by life insurance companies include funeral, group life, whole life, key man, mortgage protection, credit life, endowment and term policies. Unlike most non-life premiums which are paid annually, most life premiums are paid monthly. Claims are paid either on maturity/surrender or the crystallization of an insured event like death, permanent and temporary disability. ML/TF/PF activities may be perpetrated through the purchase of life insurance products as they are more likely to be canceled or surrendered before maturity for cash claims.

Life products that are linked to investments or provide clients the opportunity to pay a single premium, render them obvious cash claimable instruments. Hence, money launderers and terrorist financiers may exploit these instruments to their benefit. However, due to the low premium amounts payable, these products may not be that attractive to money launderers. This notwithstanding, life insurance products are riskier for ML/TF/PF and consequently, enhanced mitigation measures for these products are necessary.

Agents

Agents are engaged by both life and non-life insurance companies to distribute retail products. They are classified as independent intermediaries and are not staff of the companies whose products they distribute. Some insurance companies also have bancassurance relationships with some universal banks who are registered as corporate agents through whom they distribute their retail products.

Regarding the licencing of agents, the companies they sell for usually apply to NIC on their behalf. A sales agent (individual or tied) is restricted to one life and one non-life insurance company and may concern himself/herself with the facilitation of claims settlement processes only as far as the interests of his/her principal will allow.

The number of licenced field sales agents in operation nationwide as at December 2023 per NIC's records was about ten thousand (10,000).

Insurance Brokers

There are about one hundred and thirteen (113) insurance broking companies operating in the Ghanaian insurance market as at the end of 2023. Most of these are small in terms of equity and operations. Insurance broking companies are the first points of call for some prospective policyholders, especially corporate clients. As professionals, brokers give professional advice and are required to purchase professional indemnity insurance to cover their liability to clients as well as meet a minimum capital. Brokers are authorized to negotiate or process claims on behalf of clients. Costs incurred during claims settlement are reimbursed.

Out of a total of 113 companies, the top ten (10) brokers controlled 59% of the market commissions in 2023.

Reinsurance Brokers

There are five (5) reinsurance brokers in the sector who assist in placing businesses between insurance companies and reinsurers. Insurance practices among reinsurance brokers are solely among corporate entities.

Loss Adjusters

Two (2) loss adjusters duly registered by NIC operate in the sector and undertake professional insurance adjusting losses/claims for or on behalf of insurers or any person affected by an insurance claim.

Reinsurers

There are three (3) reinsurance companies, one owned by the government of Ghana and the other two (2) are privately owned. By virtue of the nature of incorporation and period of existence, Ghana Reinsurance Company PLC holds the largest market share. Total gross premium and assets for reinsurers for 2023 were GH¢668 million and GH¢ 1.4 billion respectively.

AML/CFT/CPF Controls

AML Legal Framework

Section 3(f) of Act 1061 grants NIC powers to supervise the insurance market for AML/CFT/CPF compliance. The NIC/FIC AML/CFT/CPF guidelines provide guidance on measures to ensure compliance with AML/CFT/CPF standards. Additionally, NIC has introduced sanctions and penalty documents intended to enforce compliance with the provisions in the guidelines. The AML legal framework is comprehensive and adequate and enables the regulator to enforce compliance within the sector. Also, players within the sector are well informed about their obligations under the law.

Supervisory Procedures and Practices

NIC received technical assistance from IMF to develop a supervisory framework to equip the AML Unit on their risk-based off-site and on-site supervision.

NIC carries out both off-site and on-site inspections of their licenced entities and any identified gaps are addressed through enforcement of penalties per section 164 (2) of Act 1061 and mandates corrective actions to address weaknesses, capacity building programs as well as feedback mechanisms ensuring the insurance sector remains resilient against ML/TF/PF threats while adhering to international standards.

The AML Unit has well-trained officers who ensure supervision of the sector. However, considering the increasing complexities of the insurance operations and compliance demands, there is a need to increase the staff strength of the AML Unit to ensure efficient oversight of the sector.

Availability and Enforcement of Administrative and Criminal Sanctions

Section 39 (6) of Act 1044 provides for criminal and administrative proceedings of AIs. As indicated above, there is a comprehensive administrative sanctions and penalties regime for the sector. Companies are mostly requested to address deficiencies identified during onsite inspections and submit a progress report by a specified date or face sanctions. This approach has enabled NIC to gain traction in deepening awareness and helped with the implementation of the whole AML/CFT/CPF regulatory process. The knowledge that criminal enforcement actions would be initiated in the event of non-compliance keeps regulated entities in check. It is important to note that there has been no cause to prosecute any regulated entity.

Availability and Effectiveness of Entry Controls

Strict and effective systems exist to control entry into the sector. Section 43 of Act 1061 makes provision for the issuance of operational licences by NIC. Prospective applicants (natural and legal persons) who seek to carry out insurance business must apply to NIC and satisfy a detailed licencing requirement which includes evidence of the source of funds and BO information.

Shareholders, directors and principal officers undergo a robust fit and proper evaluation before authorization. NIC cooperates with FIC to conduct background checks on applicants. For companies within a group, the structure, management, control and beneficial ownership interests are verified to ascertain their fitness and propriety. Another level of due diligence is performed by GPS on all directors and key officers.

Staff Integrity

Staff within the sector are required to go through security clearance. Various institutions, as part of their controls, are required to develop policies and procedures including code of conduct to ensure staff integrity. There are disciplinary measures against acts of misconduct such as misrepresentation, failure to account for premium(s) collected, fronting for business, tipping off and other acts of indiscipline. In addition, staff members who fall short of professional standards do not qualify as principal officers under NIC's fit and proper procedures and must exit the sector because they can no longer be re-appointed into the position by another insurance company. Generally, the integrity of staff is commendable. Employee conduct monitoring reports submitted to FIC and NIC reveal no adverse findings. This is a great asset which can be used to enhance the fight against ML/TF/PF.

AML Knowledge of Staff in Insurance Companies

Staff of insurance companies including management and directors, are periodically trained and assessed on their knowledge and understanding of AML/CFT/CPF duties and responsibilities. The quality and frequency of training are also evaluated by NIC/FIC using the annual employee-education training programme by the various institutions. These programmes are reviewed in accordance with the NIC/FIC AML/CFT guidelines for the insurance sector.

These trainings are provided by both the compliance officers of NIC in collaboration with FIC. The impact of the training is evidenced in the improvement of compliance measures deployed by the regulated entities. Additionally, series of trainings and sensitization programmes have been conducted by NIC and FIC to enhance the understanding of players within the sector.

Overall, staff knowledge of AML/CFT/CPF is considered very high.

Compliance Function

All insurance companies have designated AMLROs/compliance officers who are at managerial level. The AMLROs as part of their obligations submit regulatory returns to NIC/FIC. These regulatory returns include compliance reports, quarterly reports, independent testing report, employee-education training programme and bi-annual self-assessment control questionnaires. The increase in awareness and training of insurance companies has tremendously improved the quality of reports that are submitted to FIC/NIC.

Suspicious Activity Monitoring and Reporting

The NIC/FIC guidelines require insurance companies to adopt a risk-based approach to classify customers' activities. The insurance companies are required to report any transaction or activity that is inconsistent with the customer's profile. Staff are trained on emerging trends, patterns and schemes that enable them to identify and report suspicious transactions/activity in the insurance sector. FIC has onboarded the insurance companies on the goAML portal for easy reporting of suspicious activities. This also ensures confidentiality.

Level of Market Pressure to Meet AML Standards

There are systems in place to demonstrate AML/CFT/CPF compliance before transactions are concluded. Apart from local banks, reinsurance companies and other commercial clients outside the jurisdiction require local insurance firms to meet AML/CFT/CPF requirement before transactions are sealed. As a result of these requirements, all market players must ensure that they have adequate AML/CFT/CPF measures in place to enable them to conclude transactions with their offshore commercial partners on time and ensure that they do not lose their business to a compliant company.

Availability and Access to Beneficial Ownership Information

Insurance firms are required by law to file their BO information with ORC and provide regular updates on changes to that information. The BO information is available to all relevant stakeholders including

insurance companies, upon request. As a second layer of protection, insurance firms are encouraged by NIC to develop an in-house BO register of customers who are legal persons and as well as legal arrangements. This provides them with the opportunity to verify from ORC and assess any ML/TF/PF risks. NIC also does background checks on significant shareholders of insurance companies as indicated under entry controls above.

Availability of Reliable Identification Infrastructure

The use of reliable national identification systems, such as the Ghana Card by insurance companies has enhanced KYC/CDD measures as well as the integrity and effectiveness of the AML/CFT/CPF framework.

Availability of Independent Information Sources

Insurance companies use diverse sources of information when conducting CDD. These sources are credible, reliable, independent and readily available.

Inherent Vulnerability Assessment

The assessment considered five (5) categories under which all products sold by life insurance companies under Act 1061 have been classified. These classifications include pure protection life insurance plans-excluding single premium (non-group), life insurance plans with cash value and investment / savings component excluding single premium (non-group), other insurance plans with cash value and investment / savings component excluding single premium (non-group), single premium life insurance products (group) and micro insurance.

Below is a table indicating the detailed products under each classification.

Product Classification	Market Data	Percentage (100%)
Pure Protection Life Insurance Plans- excluding Single premium (non-group)	Whole Life, Term, Credit Life, Permanent disability and income protection, Dread Disease	40.33%
Life Insurance Plans with Cash value and Investment / Savings Component excluding Single premium (non-group)	Universal Life and Investment, Annuities	43.86%
Other Insurance Plans with Cash value and Investment / Savings Component excluding Single premium (Non-Group)	Unit-linked and other approved savings products	3.98%
Single Premium Life Insurance Products (Group)	Group Life	9.17%
Micro Insurance	Micro Insurance	2.65%
TOTAL		100%

Pure Protection Life Insurance Plans- Excluding Single Premium (Non-Group)

Pure protection life insurance plans offer financial protection for the insured or his beneficiaries in the event of death, dread disease or permanent disability of the insured. These products require regular monthly payment of premium. Products under this categorisation do not accept lump sum premium payments and premium values are very small thereby making it unattractive to high-net worth individuals. These

products are pure risk products and claims can only be made upon the crystallisation of the insured peril. This structure makes it less vulnerable for potential money launderers to use these products in any ML activities. The bulk of these products are distributed through agents (individual or corporate). Agents are allowed to distribute retail products for one (1) life and one (1) non-life company. It is a way of differentiating between an agent and a professional broker and checks mis-selling.

Products under this categorisation attract middle to lower income individuals. Due to the structure of products in this category, it is unattractive to high net-worth individuals who normally prefer high valued policies. Most insurance companies do not accept cash transactions. Premiums are paid directly from the bank account of policyholders or through mobile money platforms. This makes cash activity very low. Presently, products under pure protection life insurance plans are sold to only Ghanaians and cross border sales are prohibited.

Life Insurance Plans with Cash value and Investment / Savings Component excluding Single Premium (Non-Group)

Life insurance plans with cash value and investment or savings offer financial protection to the insured or his/her beneficiaries in the event of death of the insured. Products that fall under this category allow for flexibility to pay premium in installments or to make lump sum payments in respect of the only annuity product on the market. Products under this category often come with investments or savings making it vulnerable to possible exploitation by high-net worth individuals for the purpose of ML/TF/PF. However, it is important to note that, while the investment/savings feature of these products make them attractive to high net-worth clients, the low premium threshold and disallowance for one-time premium payment does not. The only annuity product on the market also has inbuilt features that make it difficult for potential criminals to consider it as an avenue to launder illicit funds.

Majority of products under this category are distributed through agents. The profile of clients who patronize these products ranges from middle to lower-income individuals with a few high net-worth individuals.

The market has universal life and investment products usually designed with an investment feature. These products, although attractive to high net-worth individuals, have a very low level of cash activity. This is because premiums are paid only through policyholder bank accounts or mobile money platforms. Products under this category are also not sold across jurisdictions other than to Ghanaians or residents in Ghana.

The annuity product under this category has a lump sum and a periodic payment feature. A series of regular payment is made to the policyholder or his beneficiaries in future. Depending on the option the contract may grant a guaranteed period of payment, perhaps five, ten or fifteen years, where a specific payment amount is assured, whether the annuitant survives this period or not. If the annuitant dies during the guaranteed period, the balance of the guaranteed payments is paid immediately to the appointed beneficiary.

Single Premium Life Insurance Products (Group Life)

Group life insurance cover is a life insurance cover offered to a group of people. It is usually provided by an employer to its employees or taken by groups of people with common interests (affinity groups). In the case where an employer takes up the cover on behalf of the employees, the policy document is in the name of the employer who usually pays the premium.

Insurance brokers play key roles in the market in terms of soliciting for clients, product distribution, collection of premiums and repository of client data. But group life products are not investment policies and while contributions are invested by the insurer, the purpose of a group life policy is protection, so payout is only in the event of death, disability or critical illness. The level of cash activity is very low and does not allow cross-border use of the product. The product allows for non-face-to-face use of product but at a very limited rate. No insurer in Ghana will however complete an end to end on-boarding process without direct interaction with the client.

Other Insurance Plans with Cash Value and Investment / Savings Component Excluding Single Premium (Non-Group)

This category deals with other unit linked or savings insurance products not originally classified under universal life and investment plans. These are policies that offer a life cover and a savings component that is invested in collective investment schemes and priced in units to the policyholder. These products are preferred as they offer investment growth and return to policyholders while providing for the traditional life cover. The investment component of the policy is, however, limited. These products have very low cash activity and constitute about 3.98% of total gross premium. No cross-border usage is permitted, and a significant portion of the products is distributed by agents.

All the life assurance companies that sell unit-linked products have respective agents to distribute these products and the client profile for unit-linked products are medium to low risk because of the premium pricing, product features and distribution. The anonymous use of the product is not possible and underwriters have numerous control measures to curb the misuse of this product for ML.

Micro Insurance

Micro insurance products were designed to cater for the low income and informal sector of our economy. They are financial inclusion products aimed at ensuring that life insurance services are made available to the informal segment of our economy. They are usually pure risk policies with premium levels lower than the traditional insurance products on the market.

Products are tailored to meet the specific needs of the target market. The low premium level is one feature that distinguishes it from the traditional insurance products on the market. Agents are the main channel of distribution of this product and it has a low level of cash activity. This is because payments are made through mobile money accounts or other electronic platforms. Micro insurance products are sold to only Ghanaian residents hence do not make room for cross border usage.

Key Findings

It was observed that the insurance sector in Ghana continues to remain unattractive to money launderers hence a low ML/TF vulnerability. That notwithstanding, there exist robust measures in place to reduce the sector's ML/TF/PF exposure to the barest minimum.

Additionally, although training and sensitisation has improved, more resources are required to increase the frequency of training for the sector.

Recommendations

1. Allocate more resources to the AML Unit of NIC to sustain AML/CFT/CPF supervision
2. Deepen AML/CFT/CPF awareness/capacity building programmes among AMLROs, Board and management of insurance institutions
3. Smaller insurance companies who cannot procure AML/CFT/CPF software should leverage on their operational software to automate their monitoring process and report procedures
4. Insurance companies should strengthen their BO data collection processes and update the BO register periodically

OTHER FINANCIAL INSTITUTIONS (OFIs)

Introduction

This section assessed the ML/TF/PF risks inherent in the other financial institutions (OFIs) category within the broader Ghanaian financial sector. The institutions include rural and community banks (RCBs), forex bureaux; payment service providers and dedicated electronic money issuers (PSPs & DEMIs) and agents (this category includes mobile money service Providers); microfinance and microcredit institutions (MFIs); and Others, including credit reference bureaux and corporate governance certification vendors. Consistent with provisions in sections 28 and 29 of Act 1044, each institution in this sub-sector is referred to as an AI. The table below outlines the total number of registered and authorised AIs in the OFIs category within the broader financial sector.

Type of Accountable Institution (AI)	Number of Entities
RCBs	147
Forex Bureaux	401
PSPs & DEMIs	52
MMIs	177
Others	7

Source: Bank of Ghana, 2024

The 'Others' category comprises of five (5) Corporate Governance Certification Vendors and two (2) Credit Reference Bureaux remained functional as at December 2023.

BoG as the regulator has been consistent in the conduct of comprehensive AML/CFT/CPF risk-based supervision of the activities of AIs in the OFIs' sub-sector. These include regular on-site examinations by team of examiners and off-site monitoring through review of periodic returns submitted to the regulator by the AIs.

BoG has also taken steps to identify and sanction unlicensed operators (black market and underground market operators) within the space. This includes setting up a joint taskforce in collaboration with GPS in September 2022. The operationalisation of the joint taskforce led to the apprehension of seventy-six (76) suspected illegal black-market operators within the central business district of Accra, Ghana. The suspected operators of the foreign exchange parallel market were apprehended at various hotspots, including Rawlings Park, Tudu, Cowlane, Kwame Nkrumah Circle, Kinbu, Timber Market and Lava. The special operation formed part of BoG's overall strategy of sanitising the foreign exchange market to ensure compliance with laws, policies, guidelines and directives on foreign exchange.

Additionally, as a proactive step, BoG introduced a centralised foreign exchange trading platform known as the Foreign Exchange Bureau Management Software (FEBMS), that requires all licensed forex bureaux to use the system for the buying and selling of foreign currencies. This initiative marks a milestone in BoG's

efforts to ensure safe and sound operations of the foreign exchange business. This platform improved BoG's monitoring and supervision of their operations in compliance with Act 723 and Act 1044. BoG also conducts periodic sensitizations and awareness campaigns to discourage the general public from patronising unlicensed institutions.

Indeed, the number of licensed forex bureaux has increased greatly in recent years. This increase is attributed to the strict enforcement actions taken by BoG to weed out unlicensed operators in the system leading to most of them taking the necessary steps to get the required licence and subject themselves to supervision. BoG continues to conduct intensive campaigns to educate the public on the need to transact foreign exchange business with only licensed operators.

Supervisory functions of BoG are guided by the following legal frameworks:

- Foreign Exchange Act, 2006 (Act 723)
- Credit Reporting Act, 2007 (Act 726)
- Electronic Transactions Act, 2008 (Act 772)
- Borrowers and Lenders Act, 2008 (Act 773)
- Anti-Terrorism Act, 2008 (Act 762), as amended, by Anti-Terrorism Act of 2012, Act 842
- Non-Bank Financial Institutions Act, 2008 (Act 774)
- Ghana Investment Promotion Council Act, 2013 (Act 865)
- Income Tax (Amendment) Act, 2016 (Act 907)
- Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)
- Ghana Depository Protection Act, 2016 (Act 931)
- Payment Systems and Services Act, 2019 (Act 987)
- Anti-Money Laundering Act, 2020 (Act 1044)
- Bank of Ghana's Guidelines on Branchless Banking for Banks and Savings and Loans Companies (Notice No. BG/GOV/SEC/2008/21)
- Corporate Governance Directive for RCBs, 2021
- Risk Management Guidelines for RCBs, 2021
- Risk Management Directive for Banks, Savings and Loans, Finance Houses and Financial Holding Companies, 2021
- Bank of Ghana Liquidity Assistance Framework, 2021
- Mergers and Acquisitions Directive for Banks and Specialised Deposit-Taking Institutions under Act 930, 2021
- Explanatory Notes on the Revised Mergers and Acquisitions Directive for Banks and Specialised Deposit-Taking Institutions, 2021
- Voluntary Winding-Up Directive for Banks and Specialised Deposit-Taking Institutions, 2021
- Notice NO. BG/GOV/SEC/2021/03 - Sanctions for the Issuance of Dud Cheques for Banks, Savings and Loans, Finance Houses and Financial Holding Companies, 2022
- Notice NO. BG/GOV/SEC/2022/12 - Guidelines on the Treatment of Dormant Electronic Money Accounts and Unclaimed Balances, 2022
- Notice No. BG/Gov/SEC/2022/04 - Prohibition of Pricing, Advertising, Receipting and/or Making Payments for Goods & Services in Foreign Currency in Ghana
- AML/CFT/CPF) Administrative Sanctions / Penalties for Accountable Institutions in Ghana, 2022

- Corporate Governance Disclosure Directive for Banks, Savings and Loans, Finance Houses and Financial Holding Companies, 2022
- Explanatory Notes to the Corporate Governance Disclosure Directive for Banks, Savings and Loans, Finance Houses and Financial Holding Companies, 2022
- Supervisory Guidance under Section 62 of Act 930 - Eligible Collaterals for Banks, Savings and Loans, Finance Houses and Financial Holding Companies, 2022
- Explanatory Notes on the Revised Supervisory Guidelines under Section 62 of Act 930 - Eligible Collaterals for Banks, Savings and Loans, Finance Houses and Financial Holding Companies, 2022
- Electronic Money Issuers (EMI Guidelines) and Agent Guidelines (2015)
- Revised Bank of Ghana/Financial Intelligence Centre AML/CFT Guidelines for Banks and Non-Bank Financial Institutions
- Revised Bank of Ghana/Financial Intelligence Centre AML/CFT Guidelines for Forex Bureaux
- Notice No. BG/GOV/SEC/2011/04, Operating Rules and Guidelines for Microfinance Institutions - Provisions on Licensing.

Industry's Performance

A summary of financial data released by BoG in 2024 reflected the performance of OFIs in the financial sector and their contribution to economic growth in 2023 and prior financial years. The OFIs practically affirmed their role in financial intermediation and demonstrated their valuable contribution to effective functioning of the financial system. This assertion is buttressed with strong financial performance in 2023 compared to 2022 and 2021.

The total assets for OFIs in 2022 and 2023 amounted to GH¢18.64 billion and GH¢22.63 billion respectively, representing a 21.41 per cent growth year-on-year. This is a fair reflection of robust growth in total assets, which were integrally funded by sustained growth in deposits and increased capital levels.

The general financial condition of the industry is exemplified in the quality of total assets anchored by the quality of loan and investment portfolios and efficient credit administration programmes. The foregoing affirms strong risk mitigation measures for capital and loan formation and is indicative of financial stability of the OFIs industry within the broader financial sector.

It is refreshing to state that AIs in the OFIs' sub-sector have taken proactive steps to strengthen their risk management practices and internal control mechanisms. These initiatives have strategically positioned the sub-sector towards containment and mitigation of potential ML/TF/PF risks.

AML/CFT/CPF Controls

AML/CFT/CPF Legal Framework

The AML legal framework of the OFIs' sub-sector is comprehensive and premised on the fact that the laws compel the AIs to institute strong internal policies to govern their operations while conforming to national and international standards on KYC/CDD and enhanced due diligence (EDD) including verification of BO information to mitigate risk and protect individual and businesses from the impact of financial crimes and illegal activities.

Additionally, the AML/CFT/CPF Guidelines issued by BoG/FIC coupled with effective CDD checks, protect AIs from illicit financial activities while the submission of periodic reports to the regulator ensures effectiveness in off-site monitoring and avoidance of sanctions.

Supervision/Oversight Activities

Proactiveness of BoG in conducting inspection and monitoring is exemplified in the regular conduct of on-site examinations, off-site monitoring and insistence on AML/CFT/CPF compliance by regulated entities. On-site examinations are conducted on risk-based approach.

Regulated entities described the supervisory role of BoG as 'excellent and well-grounded'. BoG ensures that the contents of the laws and regulations, policies, directives and guidelines are tailored to the needs of the industry. It further engages visibly and actively with the various AIs and provides regulatory oversight to ensure AML/CFT/CPF compliance.

Availability and Enforcement of Administrative Sanctions

The conditions under which AIs shall be liable to an administrative penalty are clearly stipulated in Section 51 of Act 1044 which states, failure on the part of AIs to ensure the formulation and implementation of internal rules contrary to Section 49 of Act 1044 or failure to provide the requisite training or appoint AMLRO contrary to Section 50 of Act 1044, will be found liable to an administrative penalty. The administrative penalties to be imposed by the regulator on AIs, boards of directors, managements and staff are stated in Section 53(3&4). BoG has also developed sanctions and penalty document for its licencees.

The assessment revealed that effective and strong sanctions are applied by BoG for non-compliance. Due to severity of the sanctions' regime, there is zero tolerance for non-compliance as the sanctions have strong deterrent effect. Management and board of the various regulated entities remain very conscious of the AML/CFT/CPF policies, directives and guidelines issued by BoG. They ensure strict compliance and reporting by providing internal supervisory oversight and making available the needed resources to ensure efficiency and effectiveness in the discharge of duties by AMLROs.

The regulated entities ensure all regulatory directives are highly prioritised to enhance their understanding of the requirements and gaps in terms of implementation. The board and management fully understand their role in setting the tone at the 'top' by taking the lead in ownership and communicating all policies and directives to staff at all levels.

Availability and Enforcement of Criminal Sanctions

Section 48 of Act 1044 avers some of the punitive measures that could be applied by BoG to regulated entities for breach. These include "*summary conviction to a fine of not less than five hundred penalty units and not more than four thousand penalty units or to a term of imprisonment of not less than six months and not more than five years or to both.*"

OFls are not oblivious of the punitive measures or consequences for liable criminal conduct and described these punitive measures as effective, proportionate and dissuasive. Demonstrably, each AI strives to avoid

stringent criminal sanctions, including significant reputational damage, asset forfeiture, fines and terms of imprisonment, amongst others.

Market Entry Controls

There are strict and excellent standards for entry which are supervised and monitored at the various stages of institutional establishment by BoG. The entry control requirements are always embedded in the on-boarding and licencing process for the reporting entities. Provisions in the AML/CFT/CPF laws and regulations for entry controls are very efficient, effective, robust and stated in clear terms, especially around EDD for PEPs, high-risk customers and high-risk countries.

Further, the provisions are very comprehensive, straight-forward, adequate and play crucial role in promoting the integrity, stability and soundness of regulated entities in the OFIs' sub-sector. Rigorous enforcement and regular monitoring by BoG also assures effectiveness of the entry control mechanisms.

Integrity of Business/Institution and Staff

Section 49 of Act 1044 obligates regulated entities to organise regular training for their staff, management and board of directors to create the needed awareness on laws and regulations related to AML/CFT/CPF. The boards' knowledge in the foregoing remains crucial to their ability to actively engage in the formulation of internal policies that could serve as effective preventive measures for ML/TF/PF-related risks. Additionally, regulated entities are required to maintain adequate screening procedures for all employees.

Als value the importance of AML/CFT/CPF activities and discharge their duties with the highest level of integrity and diligence. Generally, integrity forms part of their core values and constitutes an integral part of the day-to-day operational activities of staff, management and board decisions. The existence of good governance structures promotes ethical behaviour and ensures AML/CFT/CPF compliance through training, whistleblowing policies, background checks and culture that promotes institutional integrity.

Staff vetting programmes for regulated entities are comprehensive, transparent, independent and highly effective. The disciplinary actions instituted for breach of integrity-related rules are strict, severe and serve as disincentive to all staff. Regulated entities ensure that comprehensive and decisive disciplinary actions are clearly stated in the employee's code of conduct. This is frequently communicated to all staff during training and through other communiqués.

AML/CFT/CPF Knowledge of Business/Institution and Staff

The responsibilities of regulated entities for training and monitoring for compliance are averred in Section 50 of Act 1044. Regulated entities are required to regularly train their board members, management and staff on the requirements of Act 1044, internal policies, procedures and controls required under Section 49. Staff knowledge in AML/CFT/CPF obligations remains excellent due to frequent and effective implementation of training programmes. Staff knowledge in AML/CFT/CPF obligations in these Als remains very good.

Effectiveness of Compliance Function

The relevance of AMLROs and the need for them to be appointed at the managerial level are stated in Section 50 of Act 1044. The overarching idea is to facilitate compliance with Act 1044 by ensuring independence in the discharge of their responsibilities.

Als have designed comprehensive programmes to be in line with relevant laws and regulations to detect and prevent ML/TF/PF. Risk register and profile reports are prepared and kept by the regulated entities to address all ML/TF/PF risks. These are reviewed and reported to the board and BoG regularly. Comprehensiveness of the monitoring framework helps Als to remain compliant and align their internal compliance programmes with the level of inherent risk while mapping cogent strategies for effective risk mitigation.

Internal compliance programmes in terms of CDD and transaction monitoring among Als are well-developed, monitored and supervised closely by senior management in line with regulatory requirements. EDD procedures are tailored to mirror the level of risk inherent in each of these regulated entities.

Effectiveness of Suspicious Activity Monitoring and Reporting

Section 38 of Act 1044 addresses issues related to STR. This section outlines conditions under which Als would have to submit STR to FIC. Section 32 of Act 1044 emphasises the importance of record keeping by Als. Regulated entities are expected to submit suspicious transaction report to FIC within twenty-four (24) hours after suspicion.

The regulated entities within this sub-sector have robust processes in place for record keeping, monitoring and reporting suspicious transactions. The reporting entities have been registered on the goAML which requires the reporting of suspicious activities. The assessment revealed that appropriate and effective systems have been developed by these reporting entities to ensure proper record keeping, monitoring and reporting of suspicious transactions.

Availability and Access to Beneficial Ownership Information

This assesses the comprehensiveness of available information on the structure, management and control of each legal entity towards ensuring transparency in BO details, timeliness and easy accessibility of such information by Als to facilitate their review or assessment of CDD requirements.

Comprehensive information on BO is kept by ORC and available on request by Als. Consistent with key provisions in Act 992, Als also maintain detailed information on BO for the purposes of transparency.

Availability of Reliable Identification Infrastructure

Ghana has introduced a national identification system called the Ghana Card which has strong security features and is mandated to be used for all financial transactions. This has enhanced customer identification and verification programmes for Als.

Overall, introduction of the Ghana Card has contributed significantly to addressing issues related to the use of multiple ID cards for customer identification and verification in financial transactions.

Availability of Independent Information Sources

The various sources of information needed to conduct CDD are mostly credible, reliable, independent and readily available. The information sources are satisfactory within the scope of operations and ensure comprehensive and accurate analysis. Additionally, data accessed from third party sources for purposes of conducting further due diligence can be deemed dependable. However, integration of the various sources is needed to further enhance information access and ensure efficiency and effectiveness in the day-to-day operations of AIs.

Analysis of Inherent Vulnerability Factors

Rural and Community Banks (RCBs)

Total Size/Volume

The industry's respective total assets value in 2023 and 2022 were GH¢11,103,740,000 and GH¢8,548,110,000. The differential (GH¢2,555,630,000) represented 29.90 per cent growth during the comparative period. Similarly, the total assets' value in 2021 (GH¢6,758,810,000) relative to 2022 (GH¢8,548,110,000) implied 26.47 per cent growth in 2022. The impressive performance in recent financial years can be attributed to boost in total investments, which surged to approximately GH¢6 billion during 2023 from GH¢4.03 billion in 2022 and boost in net loans to nearly GH¢3.04 billion in 2023 from GH¢2.37 billion during 2022. The industry's total assets for 2021 (GH¢6,758,810,000), 2022 (GH¢8,548,110,000) and 2023 (GH¢11,103,740,000) were equivalent to 3.87 per cent, 4.72 per cent and 5.95 per cent of GDP for the respective financial years.

Client Base Profile

Services provided by RCBs in the industry are mostly patronised by Ghanaians and non-residents. The laws, policies, guidelines and directives issued by BoG compel RCBs to institute strong internal policies and mechanisms to guide their operations and conform to national and international standards on CDD, EDD for PEPs and KYC, including customer identification and verification.

Use of Agents

RCBs do not rely on agents in the delivery of services to customers and this minimises the industry's vulnerability to threat of ML in the usage of third parties/agents.

Level of Cash Activity

Transactions of RCBs in the industry are dominated by the use of cash.

Frequency of International Transactions

Though the transactions of RCBs are predominantly domestic, remittances from other jurisdictions add-up to the transactions within the industry.

Anonymous Use of the Product

RCBs in the industry ensure strict adherence to the AML/CFT/CPF laws, guidelines and directives, including KYC requirements and conducting EDD on PEPs prior to the commencement of transactions to eliminate anonymity and minimise potential ML threats.

Tracing Transaction Records

Section 32 of Act 1044 stresses good record keeping and RCBs ensure strict compliance with this requirement by maintaining accurate records for all transactions. Transactions are easy to trace within the industry.

Existence of ML Typologies within the RCBs

Relevant information on the underlying crimes for ML, including forgery, bribery, theft, impersonation and fraud are available to RCBs. BoG and FIC share typologies of ML/TF with the industry.

Use of the OFIs' Category in Fraud or Tax Evasion Schemes

RCBs in the industry are exposed to the threat of ML due to the incidence of fraud. However, improved regulatory supervision by BoG and increase in AML/CFT/CPF compliance by RCBs have contributed to reduction in the industry's vulnerability to the threat of ML.

Non-Face-to-Face Use of the Product

Some RCBs in the industry have introduced ATMs and other digital financial services to improve overall service delivery to customers. Strict compliance with KYC and EDD requirements by RCBs tends to limit the industry's vulnerability to threats of ML.

Transaction Monitoring and Identification of Suspicious Transactions

Effective CDD measures ensure RCBs are protected from illicit financial transactions. RCBs have mechanism for transaction monitoring and ensure submission of periodic reports including STRs to FIC.

Foreign Exchange Bureaux

Total Size/Volume

Proactive measures instituted and applied by BoG have increased the supply of major foreign currencies such as United States Dollar, British Pound Sterling and European Euro in the forex market. The net effect is relative stability in the Ghana Cedi comparative to the above-listed major foreign currencies. Available statistics from BoG affirmed total forex purchases in 2023 amounted to GH¢3.90 billion, which was GH¢710 million more than the value of total sales recorded during the period (GH¢3.19 billion).

Client Base Profile

The services of forex bureaux are patronised by entities who engage in small and medium sized import businesses, foreigners or non-residents who visit the country and Ghanaians who travel outside the country. The high exposure of forex bureaux to ML/TF/PF vulnerabilities is significantly reduced by the need for and use of Ghana Card and passport in all transactions involving nationals and foreigners, respectively.

Use of Agents

Reliance on agents in the regulated forex market is minimal as transactions usually take place between the forex bureau operators and customers and this reduces any potential ML risk inherent in engaging the services of agents.

Level of Cash Activity

Transactions in the forex market are mostly driven by cash.

Frequency of International Transactions

The operating requirements for forex bureaux emphasise domestic transactions and BoG ensures strict adherence to this regulatory requirement. In view of this, international transactions do not exist in the forex bureaux industry.

Anonymous Use of the Product

Forex bureaux conduct standard CDD of their clients hence there is no anonymous use of the product.

Difficulty in Tracing Transaction Records

Consistent with requirements in Section 32 of Act 1044, forex bureaux in the regulated forex market maintain good records for their transactions to facilitate inspection and monitoring by BoG.

Existence of ML Typologies within the Forex Bureaux

Forex bureaux companies are regularly trained on typologies of the ML risk associated with the industry by BoG and FIC. Additionally, the BoG/FIC guidelines for forex bureaux make several provisions for mitigating measures to which the forex bureaux ensure adherence.

Use of the OFIs' Category in Fraud or Tax Evasion Schemes

Increased regulatory supervision including regular on-site examinations and review of submitted returns has reduced the incidence of fraud, tax evasion and potential threat of ML in the forex market.

Non-Face-to-Face Use of the Product

Forex operators engage in spot transactions where customers are identified and verified as part of the requirements for CDD procedures and this eliminates non-face-to-face transactions in the regulated forex market.

Transaction Monitoring and Identification of Suspicious Transactions

Forex bureaux have good transaction monitoring system in place and are aware of their responsibilities to report suspicious transactions to FIC as stipulated in Section 38 of Act 1044. The organisation of regular training sessions for the forex bureaux by BoG has succeeded in honing the skills of the former in detection of suspicious transactions.

Payment Service Providers and Dedicated Electronic Money Issuers

Total Size/Volume

PSPs and DEMIs witnessed consistent surge in the total volume of e-money transactions recorded from 2020 through 2023. The total volume of transactions recorded in 2023 (GH¢6.806 million) remained (GH¢1.738 million) in excess of the volume recorded in 2022 (GH¢5.068 million) and represented growth

of 34.3 per cent during the comparative period. Similarly, the respective volumes of transactions recorded during 2021 and 2020 implied growth of 21.70 per cent.

Client Base Profile

Services rendered and products offered by PSPs and DEMIs are patronised by individuals and businesses within the Ghanaian economy and non-resident persons. Over the period under review, there have been significant improvements in the implementation of KYC measures by PSPs and DEMIs which limit potential ML/TF/PF threats.

Use of Agents

Agents play an integral role in the services provided by PSPs and DEMIs to the public. Statistics released by BoG showed that the registered number of e-money active agents increased from 505,000 during 2022 to 609,000 in 2023 representing 34.30 per cent increase.

Level of Cash Activity

Transactions between PSPs and DEMIs and their customers within the industry are mostly driven by electronic cash.

Frequency of International Transactions

The operating requirements for PSPs and DEMIs emphasise domestic and international transactions and BoG ensures strict adherence to this regulatory requirement.

Anonymous Use of the Product

PSPs and DEMIs adhere to the AML/CFT/CPF laws, policies, guidelines and directives which require them to conduct due diligence on customers including PEPs prior to the commencement of transactions to eliminate anonymity.

Difficulty in Tracing Transaction Records

PSPs and DEMIs comply with the requirements in Section 32 of Act 1044 on record keeping and maintain good records for all transactions.

Existence of ML Typologies within the PSPs and DEMIs

PSPs and DEMIs are aware of the underlying crimes for ML, including cybercrime, forgery, bribery, theft, impersonation and fraud. Accordingly, PSPs and DEMIs implement mitigating measures.

Use of the OFIs' Category in Fraud or Tax Evasion Schemes

The incidence of fraud exposes PSPs and DEMIs to threats of ML. However, use of state-of-the-art technologies by PSPs and DEMIs in collaboration with security agencies help to mitigate fraud cases within the industry.

Non-Face-to-Face Use of the Product

Non-face-to-face transactions are available among PSPs and DEMIs. However, strict compliance with customer onboarding requirements, including CDD tends to assuage potential vulnerabilities to the threats of ML.

Transaction Monitoring and Identification of Suspicious Transactions

Section 38 of Act 1044 avers conditions under which PSPs and DEMIs should submit suspicious transaction report to FIC. PSPs and DEMIs are aware and mindful of this regulatory requirement; and have instituted strong monitoring systems to track and report suspicious transactions to FIC. Annual Fraud Report released by BoG shares significant information on the volume and value of fraud transactions in the industry. Efficiency in the internal surveillance and monitoring systems of PSPs and DEMIs helps to mitigate inherent vulnerabilities.

Microfinance and Microcredit Institutions (MMIS)

Total Size/Volume

The industry's respective total assets value in 2023 and 2022 were GH¢1,971,370,000 and GH¢1,405,370,000, while the value in 2021 was GH¢1,086,000,000. The growth in total assets in 2023 was 40.27 per cent, which remained superior to the 29.41 per cent growth recorded in 2022. The sustained growth in the industry's assets irrespective of the COVID-19 pandemic and recent government of Ghana's debt restructuring programme on performance of the industry could be attributed to surge in deposits, net loans and investments.

Client Base Profile

Micro and small-sized business owners dominate the customer population of MMIs in this industry. MMIs appreciate use of the Ghana Card as the only form of identification in all financial transactions and this facilitates their interactions and trade deals with their customers.

Use of Agents

Competitiveness of the financial environment makes it imperative for MMIs to deploy staff and agents into the markets and other strategic business locations to attract more customers to shore up deposit funds and increase the value of their total assets. These agents are however taken through security checks and trainings.

Level of Cash Activity

Transactions of MMIs in the industry are largely driven by cash, however, they have mechanisms to verify the source of funds. The verification helps to prevent tainted funds from entering the financial system.

Frequency of International Transactions

MMIs are licenced to engage in domestic transactions, with minimal or no recourse to international transactions.

Anonymous Use of the Product

KYC/CDD requirements including customer identification and verification form an integral part of transactions of MMIs and this creates no room for anonymity within the industry.

Difficulty in Tracing Transaction Records

MMIs have systems that help them to keep proper records and remain compliant with regulatory requirement and there are no challenges in tracing transaction records.

Existence of ML Typologies within the MMIs

The underlying crimes for ML, including forgery, bribery, theft, impersonation and fraud are known to MMIs. BoG as part of its capacity building programmes for MMIs continue to share these common predicate offences with its licencees. Staff who are involved in any of these offences are dismissed and their details submitted to BoG as part of their mandatory returns. BoG keeps a database of all these disengaged staff as a result, prospective staff in the financial sector are screened against this database to ensure they meet the fit and proper test.

Use of the MMIs' Category in Fraud or Tax Evasion Schemes

The industry remains vulnerable to threats of ML. However, reported cases of fraud within MMIs are very minimal.

Non-Face-to-Face Use of the Product

MMIs consider strict compliance with AML/CFT/CPF obligations as an important regulatory requirement. The mandatory KYC/CDD requirements for onboarding customers make non-face-to-face transactions impossible within the industry.

Transaction Monitoring and Identification of Suspicious Transactions

MMIs have designed and implement good systems for transaction monitoring, identification and reporting of STRs. Further, improved regulatory supervision including frequent on-site examinations and off-site monitoring, training and capacity building by BoG and FIC impels MMIs to check, detect and report suspicious transactions to FIC. Strict implementation of sanctions by BoG compels MMIs to remain compliant with all directives, including AML/CFT/CPF obligations.

Credit Reference Bureaux and Corporate Governance Certification Vendors

There are Credit Reference Bureaux and Corporate Governance Certification Vendors whose operations or functions are approved by BoG, but do not assume the role of financial institutions. Their services could aptly be described as complementary to the regulatory and supervision functions of BoG and FIC and complementary to services rendered by AIs in the OFIs' sub-sector to their customers and the public. Further, the complementary services rendered by the credit reference bureaux and corporate governance certification vendors extend to other AIs within the broader financial sector.

Credit reference bureaux facilitate AIs ability to trace the credit history of existing customers and prospects, both individuals and businesses and this helps the AIs to make informed lending decisions. Further, credit

reference bureaux are responsible for protecting available customer information in their database while corporate governance certification vendors provide the requisite training and certification for boards and managements of AIs to improve top-managements' structural functions, including understanding, appreciation and effective implementation of AML/CFT/CPF obligations to mitigate inherent institutional and national vulnerabilities to the threats of ML.

Activities of Unregulated Entities

Collaboration between BoG, FIC and LEAs to intensify public campaign and awareness on the consequences of unregistered entities within the industry coupled with an increase in the number of registered and regulated forex bureaux and strategic measures to apprehend illegal operators in the unregulated market have contributed to reduction in their activities thus, further enhancing a transparent foreign exchange business.

Key Findings

Key findings are discussed below:

Reliable Identification Infrastructure

The use of Ghana Card with its unique features has improved KYC/CDD measures which has enhanced AIs ability to track the activities of ML/TF/PF. However, there is the need to put in place an effective alternative verification mechanism.

Regulation and Supervision

Through effective implementation and supervision of well-developed risk-based strategy, the OFIs sub-sector has witnessed improvement in compliance with AML/CFT/CPF laws, policies, guidelines and directives issued by the regulator. In addition to general supervision, BoG has intensified their supervision in the forex market to improve efficiency and effectiveness of regulated forex bureaux and clamp-down on the activities of illegal forex operators.

Corporate Governance Effectiveness

BoG has instituted measures to improve the oversight and supervisory functions of boards and managements of regulated entities in the OFIs sub-sector. In practical response to the identified challenges, corporate governance certification vendors have been licenced by BoG to organise and provide regular training for boards and managements of regulated entities.

Recommendations

Based on the findings from the assessment, the following recommendations are proffered for the regulators, stakeholders, board and management of AIs in the OFI sub-sector.

1. Regulators should ensure all AIs within the OFI sub-sector acquire monitoring software to enhance their KYC/CDD measures.
2. Sustain the joint operations initiated by BoG in collaboration with LEAs to discourage the activities and growth of the unregulated market.
3. Enhance the implementation of the current National Identification System to address verification challenges.

FINANCIAL INCLUSION

Introduction

Financial inclusion is the ability of every individual to access basic financial services, flexibility in terms of access and design and reliability in terms of payout. Thus, it ensures access to a broad range of financial services in a timely manner at an affordable cost by low-income earners and underserved segments of the population. The Ghanaian economy is largely informal and characterized by a high number of unbanked, underserved, low-income and vulnerable segments of the population who have limited access to formal financial services. Therefore, excluding these categories of people has implications on the country's AML/CFT/CPF policies and regulatory regime. FATF in 2012 published a guidance paper on financial inclusion and ML to drive global financial inclusion agenda. According to the guideline, FATF's interest in financial inclusion is driven by its objective of protecting the integrity of the global financial system, which requires covering the largest range of transactions that pose ML/TF/PF risks in the jurisdictions that have committed to the FATF Recommendations.

In Ghana, financial inclusion is defined under the National Financial Inclusion and Development Strategy as "the universal access to, and regular use of, a broad range of affordable formal financial services including credit, saving and investment products, insurance, payment and money transfer services and mobile money services which meets their needs and which they understand and trust" (NFIDS, 2017). Financial inclusion has advanced significantly in recent years due to the growth of MFIs and the widespread adoption of mobile money services. Millions of Ghanaians, particularly residents in underserved and unbanked communities, now have access to formal financial services including credit, insurance and savings.

Financial Inclusion Policy and Legal Framework in Ghana

BoG is responsible for supervising and regulating banks and NBFIs with the ultimate objective of ensuring a sound and efficient banking system in the interest of depositors, boost public confidence in the financial system and protect consumers and the overall economy. As part of Ghana's financial inclusion agenda, BoG set up the Fintech and Innovation Office (FIO) to drive the Bank's cash-lite, electronic payments and digitalisation efforts. FIO is responsible for licencing and oversight of the electronic money issuers (EMIs), that is mobile money operators, PSPs, and other emerging forms of payment support solutions. Other regulatory authorities within the financial ecosystem promoting financial inclusion are the SEC, NIC and National Pensions Regulatory Authority (NPRA).

The evolution of the legal and regulatory framework has been marked by significant milestones which have promoted inclusivity, efficiency and security in the financial industry. The main legal and regulatory frameworks are:

- Anti-Terrorism Act, 2008 (Act 762), as amended
- Non-Bank Financial Institutions Act, 2008 (Act 774)
- Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930)
- Payment Systems and Services Act, 2019 (Act 987)

- Anti-Money Laundering Act, 2020 (Act 1044)
- Anti-Money Laundering Regulations, 2011(L.I 1987)
- Anti-Terrorism Regulations, (L.I. 2181)
- BoG/FIC AML/CFT &P Guidelines, for Accountable Institutions, 2022
- The Ghana Card Directive and the Supervisory Guidance Note on the Use of the Ghana Card issued in June 2022.

Further, the implementation of Guidelines for Branchless Banking in 2008 offered a legal framework that allowed banking services through unconventional channels such as retail locations, agents and mobile phones. Key provisions in the guideline are customer identification protocols, operating standards, risk management recommendations, licence and approval criteria for branchless banking operations. This ensures compliance with consumer protection, AML/CFT/CPF regulations and increased access to formal financial services.

Product or Service Specific Risk Analysis

The assessment was conducted on four (4) financial inclusion products/services being used by commercial banks, RCBs, PSPs/DEMs, microfinance, insurance, savings and loans, fund managers and private equity companies across four (4) main risks areas namely product and service specific risks, geographical or country risks, customer risks and bank correspondent or agent-specific risks.

Mobile/Electronic Banking

BoG has mandated the banking sector to embark on mobile/e-banking services which in turn support the financial inclusion concept. This financial inclusion product targets unbanked, semi-banked, and fully banked customers. Categories of customers who transact business through this financial inclusion product include largely informal workers, students and formal workers. For the RCBs, the main target market for the products are the peasant farmers, petty traders, market women, children and the rest of the rural folks with small-scale businesses. A typical example is GhanaPay, a mobile money service that allows you to send and receive money, access banking services and earn interest. Consumers can register for a GhanaPay wallet with or without a bank account and use it on any network to embark on banking transactions. The purpose of this financial inclusion product is to reach out to the lower segments of the market, who are generally excluded in the traditional banking system.

Assessment of the features of the financial inclusion products established that, this product is mainly a low-risk product. To mitigate the ML/TF/PF risks, CDD measures such as use of the Ghana Card as a unique identifier, introduction of liveness tests to prevent identity theft in non-face-to-face onboarding and transactions are very key. Further, there exist regulatory guidelines which provide the threshold for the value and volume of transactions. These limits differ with each institution based on the institution's risk profile, complexity and system robustness. Additionally, transactions exceeding the regulatory threshold limit are reported to FIC.

Customer Risk

In adherence to the BoG/FIC AML/CFT/CPF Guideline, this product is not used anonymously as it requires mandatory face-to-face for account opening, however, non-face-to-face account opening is permitted,

using online banking and mobile phones. These transactions are carried out through established digital platforms including the use of ATMs, USSD and mobile apps. System controls for the product include strict adherence to the GhIPSS framework, relevant security protocols such as password, two-factor authentication (including one-time password (OTP)), authorisation notes, product limited to individual wallets only, proof of student status, embedded rules within the application software for monitoring and tracking transactions as well as EDD measures.

It was observed that the transactions carried out are mostly between family members and friends. The product assessment showed that there is no evidence of this financial inclusion product resulting in any ML/TF/PF cases hence, the ML/TF/PF risk is low.

Generally, this product is often not accessible to non-residents and/or non-citizen customers. However, when allowed, EDD is conducted and additional information including residential/ work permit, immigration clearance notes, non-resident Ghana card, passport, guardian information, proof of foreign residential address, verification of source of wealth and any notary public certification are obtained. Also, it is highly incumbent on AIs to ascertain the purpose of the transaction and source of funds before the product could be accessed by such a category of customers. In addition, higher levels of monitoring are conducted on the non-resident/non-citizen customers in the form of constant transaction monitoring, constant demand for authorization or request notes and EDD, to minimise ML/TF/PF risks. Legal persons/businesses are allowed to access this product and AIs are required to conduct CDD/EDD on them.

Geographical-Country Risk

Cross-border transactions, though permissible, they are extremely limited with limits on transactions. Institutions that conduct cross-border transfers normally do not transact business with high-risk countries. Those that engage with the high-risk countries, however, conduct higher levels of EDD and monitoring.

Banking Correspondents or Agents Risk

This product uses banking correspondents/agents as a way of expanding financial inclusion to a greater proportion of the population. Agents are regularly trained on AML/CFT/CPF matters to ensure adherence to internal policy and procedures and also undergo fit and proper checks before their services are engaged by AIs.

Mobile Money Service

Sector players offering mobile money services include banks, PSPs and DEMIs, savings and loans companies, insurance, as well as fund managers. Mobile money services are transacted by either existing customer or non-customer of any financial institution. This product attracts a larger customer base in the remote areas, both in the formal and informal sectors, low and middle-income earners and especially those who do not possess smartphones or internet connectivity. This product aims at providing insurance, banking and investment services to the underserved and unbanked in society.

Customer Risk

At the point of onboarding, customers (both individuals and businesses), are required to provide proper identification using the Ghana card which will subsequently be verified and validated. Registration is

exclusively done by DEMIs. This product allows for interoperability which enables customers to move money among different PSPs and DEMIs platforms in real time using mobile apps and other e-platforms. To access this product, customers must be registered for mobile money with their respective DEMI providers. Transactions are effected using PIN and OTP. The clientele base for this product is mainly residents and citizens. For the few institutions that allow non-residents or non-citizens, enhanced monitoring is applied to reduce the associated risk.

Product risk

There exist different tiers of transaction limits based on the nature of business and transaction history of clients. Customer limits also vary depending on mode of operation. Non-face-to-face account opening is allowed for this product. However, CDD measures such as customer authentication, risk assessment, compliance checks and frequent monitoring are conducted to mitigate its associated risk. This product prohibits anonymous use of accounts, hence eliminating the possibility of strangers using the product. The cost of transaction of using this financial product is relatively high which discourages financial inclusion.

Geographical-Country Risk

Generally, cross-border transactions are not allowed and USSD commands are not applicable across the boundaries.

Banking Correspondents or Agents Risk

There exist over 550,000 active agents who are trained on AML/CFT/CPF obligations.

Group/ Individual Lending

Some financial institutions such as RCBs, MMIs and savings & loans also provide micro finance schemes for lower income earners. The target group for this product include peasant farmers, petty traders, market women and rural folks with small-scale businesses.

The product is categorized into group lending and individual lending. The individual lending was introduced due to concerns associated with the guarantee concept of group lending. The guarantee concept states that all the group members are jointly and severally liable in case of credit default risk by a member. Implying that, where some group members are unable to repay the loan when due, the institution falls on the other group members to ensure full payment on behalf of the defaulters. Some members were not pleased with this guarantee concept, thus, they decided to stop banking with the institutions. In a bid to ensure financial inclusion, the financial institutions have redesigned the product and introduced individual lending in addition to the group lending.

Customer Risk

This product is accessed by either an existing customer or non-customer of the financial institution. Simplified CDD is conducted on applicants, both individual and group. This financial inclusion product is not offered to and used by, non-resident and/or non-citizen customers.

Product Risk

The value of transactions and number of loan transactions for the two categories are limited and institution based. Non-face-to-face transactions are not permitted for this product, especially during the loan disbursement stage. Non-face-to-face transaction is permitted only if a customer wants to repay their loan via mobile money with the customer's name being used as a reference. Very low interest rates are charged on the loan and loan disbursement is made directly into the loan applicant/group account. There is some existence of this product being abused by its applicants however, institutions have put in place robust measures such as effective CDD and loan collection schemes to ensure this risk is minimized. Staff of institutions who engage in fraud activities face both administrative and criminal sanctions including termination of appointment, inability to work for any financial institution, fines or term of imprisonment.

Geographical – Country Risk

Cross-border transactions are not allowed for this product.

Banking Correspondents/Agents Risk

Correspondent banking/agents are not considered for this product.

Normal Susu Savings Product

Susu savings is a traditional microfinance and financial inclusion product widely used in Ghana to promote savings among low-income individuals, small business owners and informal sector workers. It operates on a structured savings system where customers contribute small, regular deposit over a fixed period through susu collectors, co-operatives and some banks (mobile bankers). BoG has implemented regulatory frameworks to improve transparency and compliance in this industry in recognition of the ML/TF/PF risk connected to informal financial products like susu savings. All susu operators are mandated to register under the Tier 4 MFI category, ensuring that they are recognized and monitored within the financial system. Additionally, a simplified KYC system has been enforced compelling susu operators and affiliated financial institutions to verify customer identity, maintain proper records and report suspicious transactions. These measures aim to reduce anonymity and prevent illicit financial activity from infiltrating the financial inclusion sector.

Customer Risk

The clientele base is primarily low-income individuals, market traders and small business owners and informal sector workers. This product is designed for residents and legally recognized foreign nationals.

Product Risk

This product feature requires mandatory face-to-face for account opening by adhering to the simplified due diligence (SDD)/KYC requirements. The assessment revealed that, though non-face-to-face transactions are not permitted for this product, customers who have gone through the thorough mobile banking registration process may be allowed to transact business for ease and convenient banking via the USSD or mobile apps. There is a limited daily threshold on the number of transactions and value of transactions as it is institution based.

Geographical – Country Risk

This product does not allow cross-border transactions or activities.

Overall Risk Environment

The regulatory framework of the financial sector in Ghana is robust. There exist market entry controls for providers of financial inclusion products. The various institutions are licenced by the regulators including BoG, SEC and NIC. As part of the licensing process, fit and proper checks are conducted on new directors, shareholders and key management personnels. Applicants who do not meet the standard requirements are denied.

BoG, SEC and NIC guidelines require all AIs to establish monitoring mechanisms including transaction monitoring, recording keeping and CDD measures to detect unusual and suspicious transactions as part of their operational and regulatory compliance. This will help financial inclusion providers identify risk, prevent fraud and protect consumers. The regulators assess compliance level of AIs through their regular on-site and off-site examinations. The regulators are well resourced to undertake their supervisory activities and together with technical assistance providers such as IMF and GIZ have developed a risk-based supervisory framework which is used in conducting on-site and off-site supervision. Supervision is done regularly and where there are infractions, AIs are advised to correct them or sanctioned where necessary. AIs are trained regularly by the regulators on ML/TF/PF emerging trends in the sector and are also required to train all staff, including agents, on their AML/CFT/CPF obligations. Institutions who provide financial inclusion products have established appropriate monitoring mechanisms to detect suspicious activities.

Owing to the above, it is evident that financial inclusion products within the Ghanaian economy are well structured to meet the needs of the unbanked, underserved and low-income earners. Additionally, the existence of robust legal and institutional frameworks makes the sector less vulnerable to ML/TF/PF.

Recommendations

To enhance the transparency, security and regulatory compliance of the sector, the following recommendations should be considered.

1. BoG should deepen awareness among the players in the sector particularly susu collectors, mobile money service agents and mobile bankers.
2. There is an urgent need to ramp up technology-based delivery channels such as mobile money service, agency banking and digital susu to reduce cash dependency and enhance transaction transparency particularly in rural areas.
3. Government, regulators and AIs should increase financial literacy in the rural part of the country to deepen financial inclusion.
4. The government should consider reducing the transaction cost of using financial inclusion products particularly mobile money services to encourage financial inclusion for the unbanked, underserved and low-income earners.

DESIGNATED NON-FINANCIAL BUSINESS OR PROFESSION (DNFBP)

Introduction

This assessment focused on Designated Non-Financial Business or Profession (DNFBP) and their susceptibility to ML/TF/PF. The DNFBP sector players include real estate, gaming, mining and other professions. DNFBPs have been recognized by FATF as being essential to the global effort to combat ML/TF/PF. The regulation and oversight of the sector has been improved by the passage of Act 1044 which requires DNFBPs to implement internal AML/CFT/CPF policies, procedures and controls which include the filing of STRs to FIC. FIC plays a critical role in the sector's AML/CFT/CPF supervision and creates awareness among sector players.

The largest DNFBP in Ghana is the real estate sub-sector which is a major contributor to the tax revenue as well as the country's GDP. At second place is the mining industry in Ghana. Similarly, the gaming sector contributes to the economy through job creation, taxes and tourism. It attracts both local and international participants, thus generating substantial revenue for the government and local businesses. The legal and accounting professions sub-sectors are vital to all institutions and sectors of the economy.

Without effective KYC/CDD measures in place, money launderers are able to conceal their ill-gotten wealth using the above-mentioned sub-sectors.

AML/CFT/CPF Control Variables

Anti-Money Laundering Legal Framework

Ghana has comprehensive AML laws and regulations in force within the DNFBP sector which are largely aligned to the international standards. Act 1044 makes provision for AML/CFT/CPF preventive measures such as CDD/EDD, record keeping and internal controls among others which are aligned to the FATF standards.

Supervision/Oversight Activities

There is a relatively comprehensive legal and regulatory framework on AML/CFT/CPF which clearly defines who the relevant supervisors for the various DNFBP sub-sectors are. The various supervisors have powers to undertake AML/CFT/CPF supervision under Act 1044 and other laws. The gaming sub-sector, mining sub-sector and the accounting profession with the assistance of technical advisors have developed risk-based supervisory policies, procedures and manuals. These sub-sectors have received training and have a level of understanding of conducting risk-based reviews and supervision of licenced firms under their oversight. These sub-sectors routinely schedule on-site and off-site monitoring as well as spot checks. As part of the AML/CFT measures in the DNFBP sector, the gaming sub-sector and accounting profession have conducted on-site and off-site inspections. However, other sub-sectors such as real estate and lawyers are in the process of developing risk-based supervisory manuals to ensure effective supervision mechanism.

Availability and Enforcement of Administrative Sanctions

Ghana has a range of effective, proportionate and dissuasive administrative sanctions applicable to both natural and legal persons in cases of non-compliance with AML/CFT/CPF laws and regulations. The regulatory framework expressly provides for monetary penalties, administrative sanctions such as written warning, suspension/revocation of licences. Administrative sanctions can be imposed by a regulator directly, without going through the criminal process. These sanctions are viewed as an efficient means of deterring non-compliance with the AML/CFT/CPF laws and regulations. However, administrative sanctions have not often been imposed because of the limited number of onsite reviews of the sector.

Availability and Enforcement of Criminal Sanctions

There exists a range of effective, proportionate and dissuasive criminal sanctions, which are applicable in cases of non-compliance with AML laws and regulations in Ghana. The criminal penalties apply to both the institution and its employees and cover ancillary offences to ML offences. However, there is a relatively low level of enforcement of criminal penalties within the DNFBP sector.

Entry Controls

There is a comprehensive and effective regulatory framework on registration and licencing of players in the mining sector, the gaming sector, accountants and lawyers. The office of REAC which was commissioned in 2024 is in the process of developing a licencing regime for its institutions. However, there is the need to allocate effective training resources to the sector, particularly REAC to handle vetting of applications with AML/CFT/CPF predisposition. There also exists a code of conduct for lawyers and accountants.

Integrity of Business/Profession Staff

Policies and procedures on staff integrity and deterrent staff disciplinary measures have been adopted by accountants, lawyers, gaming and mining authorities. These sub-sectors have a code of conduct which has strict requirements on staff integrity. Additionally, DNFBPs are required to conduct background checks on their staff as part of their recruitment processes.

Anti-Money Laundering Knowledge of Business/Profession Staff

The players in the DNFBP sector are required by law to train their staff on AM/CFT/CPF matters. FIC in collaboration with regulators/ supervisors have conducted a number of capacity building programmes for the DNFBPs including lawyers, accountants, real estate agents/ brokers, gaming operators and mining sector. While the records on staff AML training exist, there is a need for more training to deepen their understanding on their AML/CFT/CPF obligations.

Sector's Compliance Function

Section 49 of Act 1044 requires DNFBPs to establish compliance functions including appointment of AMLROs at senior management position who must be independent and well-resourced in the discharge of their duties. The assessment revealed that some of the AMLROs are not adequately resourced to effectively carry out their AML/CFT/CPF obligations.

Suspicious Activity Monitoring and Reporting

Some of the DNFBPs have developed systems in place for record keeping, monitoring and STR reporting to support their AML/CFT/CPF policies and procedures. The sector records high monitoring activities with some of the sub-sectors filing STR with FIC through the goAML portal.

Availability and Access to Beneficial Ownership Information

Ghana uses the multi-pronged approach to collect and maintain BO information. ORC maintains the central register which is readily accessible to all relevant authorities.

Availability of Reliable Identification Infrastructure

KYC/CDD measures have been improved by the DNFBP sector's adoption of reliable national identification systems, including the Ghana Card and passport. These identification systems can be easily verified through reliable infrastructure.

Availability of Independent Information Sources

DNFBPs utilize robust independent information sources such as the Gvive verification systems to further enhance their CDD procedures. However, some of the sector players who do not have the systems to verify rely on their partner financial institutions.

Sub-Sectoral Vulnerability Levels

Real Estate Sub-Sector

The Ghanaian real estate sub-sector is a rapidly growing industry, driven by urbanisation, economic development and an increasing demand for residential, commercial and industrial properties. The sub-sector encompasses various segments, including residential housing, commercial real estate, hospitality and industrial real estate.

The real estate sub-sector has traditionally been regulated by Self-Regulatory Bodies (SRBs) such as the Ghana Real Estate Developers Association (GREDA), Ghana Institution of Surveyors (GhIS), Ghana Real Estate Professionals Association (GREPA) and Ghana Association of Real Estate Brokers (GAREB). However, these associations only represent a segment of the professionals in the industry.

To address these issues, in 2020, the Parliament of Ghana passed Act 1047, establishing REAC which is mandated to provide comprehensive regulation and unify the industry professionals under a single framework. REAC has commenced operations and would need adequate funding to carry out its mandate. Ghana's economy is primarily reliant on cash and the real estate sub-sector is no exception. Real estate cuts across all segments of the economy and attracts a diverse clientele, including the local populace, constituting low and high-net-worth individuals, expatriates and foreign investors. Foreigners and expatriates use agents when making purchases whereas most locals don't use the services of agents.

In the 2018 NRA, the real estate sub-sector was identified as one of the most vulnerable DNFBPs. This was attributed to several factors such as lack of regulations and ineffective supervision, weak due diligence on clients, failure to inquire about the source of funds of clients, and cash-intensive nature of the business.

Additionally, the report concluded that players in the sub-sector generally do not understand the risks associated with their businesses.

The government has made concerted efforts to address a number of issues confronting the sub-sector. Notably, the passage of Act 1047 established REAC as the regulatory body for the real estate sector. The Act mandates that both natural and legal persons seeking to provide real estate services to obtain a licence from REAC, thus providing an entry control mechanism. It also prohibits regulated entities from accepting cash payments for real estate transactions and requires same to keep and submit records of transactions and clients to REAC quarterly and annually. The Act prescribes administrative and criminal sanctions for non-compliance.

Although REAC has not been fully resourced, it has worked towards combating ML/TF/PF by collaborating with FIC, GIZ and other technical partners to sensitize players on their obligations as well as the risk associated with the sub-sector.

Additionally, Act 1047 obligates the real estate sector to file STRs to FIC and subsequently, a number of real estate players have been registered on the goAML platform to facilitate the filing of STRs among other reports.

Key Findings

1. Lack of effective regulation and supervision
Despite the establishment of Act 1047, the sub-sector needs full support in the implementation and enforcement of AML/CFT/CPF measures.
2. Weak Customer Due Diligence (CDD)
Real estate players need to effectively implement the preventive measures including strengthening their KYC/CDD measures.
3. Cash-Intensive Transactions
The real estate market is heavily cash-based which makes it easier for criminals to launder money through property purchases without detection. Act 1047 prohibits the use of cash in real estate transactions and this needs to be further enforced.

Recommendations

To strengthen the fight against ML/TF/PF in the real estate sub-sector, it is crucial for the government and relevant authorities to implement the following comprehensive and effective measures.

1. Ensure REAC is adequately funded to effectively execute its mandate.
2. Continuous capacity-building programmes for the sector players to enhance their understanding of AML/CFT/CPF obligations.
3. Introduce and enforce uniform CDD/KYC forms for the sector players to ensure effective CDD measures.

Precious Metals and Stones

Ghana is one of Africa's leading producers of gold, with a significant contribution to the global supply of precious metals and stones. In 2023, the value of precious metals and stones mined and traded contributed

nearly GH¢14 billion (roughly US\$944 million) to Ghana's GDP. This sector, while economically significant, is fraught with inherent ML/TF/PF risk and vulnerability that impacts its sustainability and integrity. The sector is made of miners, intermediate buyers and brokers, precious stone cutters, polishers and refiners (goldsmith), jewelry manufacturers, buyers and sellers to the local and international market.

This sector operates under a comprehensive legal framework designed to ensure sustainable development. The 1992 constitution of Ghana establishes state mineral ownership of resources vesting them in the president on behalf of the people. The primary legislation governing mining activities is the Minerals and Mining Act, 2006 (Act 703), as amended. Act 703 grants the Minerals Commission (MINCOM), the authority over mineral resources regulation, management, mandate licencing for exploration and mining operations as well as setting environmental and safety standards. The Minerals Commission Act, 1993 (Act 450) further establishes MINCOM as the main body for policy implementation in this sector. To oversee the trading of precious metals and stones, the Precious Minerals and Marketing Company (PMMC) established under the Precious Minerals and Marketing Corporation Law (PNDCL. 219) is mandated to grade, assay, value and process precious stones and metals as well as licence agents for small scale mining. To further strengthen the regulation of activities of sector players, Ghana is in the process of passing the Ghana Gold Board Act which will establish the Ghana Gold Board (GoldBod). GoldBod will have the mandate to oversee, monitor and undertake the buying, selling, assaying, refining, exporting and other related activities in respect of gold and other precious metals and stones. It will also be responsible for issuing licences to dealers in this sector. Additionally, the Act will empower GoldBod to seize and confiscate gold and other assets of dealers who operate contrary to industry regulations and AML/CFT laws.

The value of products in this sector is very high which demonstrates the industry's substantial impact on Ghana's economy as well as the range of customers it serves. Due to the capital-intensive nature of the industry, bank transfers, bank drafts and cheques are the main forms of payment for transactions. Customers are usually physically available to transact business. Hence, non-face-to-face customers are available but very limited. Agency representations are low and in some cases, non-existent. Due to the risky nature of mining, agents are usually legal representatives, so records are easy to trace. The reason is that records for businesses and clients have been properly documented and kept.

Operations of licenced large-scale mining companies have GRA representation at the respective mine sites monitoring production volumes of precious metals and stones to ensure the right amount of taxes are paid. In addition, licenced small scale mining companies are taxed through the introduction of a flat tax rate of 1.5% on total sales.

Key Findings

1. The sector is fraught with illegal mining activities giving rise to the illicit flow of funds
2. Ineffective implementation of AML/CFT/CPF measures in the sector

Recommendations

1. Collaborate with FIC to enforce the AML/CFT/CPF preventive measures
2. Continue to build the capacity of industry players on their AML /CFT/CPF obligations.

3. MINCOM and FIC to finalise the AML/CFT/CPF guidelines
4. Ensure effective supervision by engaging all players of precious metals and stones to be aware of and comply with AML/CFT/CPF measures
5. Government should expedite action on the passage of the Gold Board Act to streamline AML/CFT/CPF activities in the sub-sector
6. Government should intensify its actions in addressing illegal mining confronting the sector

Gaming Sub-Sector

The gaming sub-sector is regulated by the Gaming Commission of Ghana in accordance with the Gaming Act, 2006 (Act 721) and Act 1044. The Gaming Commission is responsible for regulating, controlling, monitoring and supervising the operations of games of chance in the country. The players include landed and online operators which encompasses casinos, sports betting, route and other forms of gambling. The sector has seen significant growth due to increased internet penetration and a rising interest in gaming activities and was forecasted to grow to GH¢720 million by the end of 2024 with online sports betting accounting for about 85%.

This significant increase in online and internet betting and wagering means cash transactions are largely now limited to the relatively fewer casinos licenced by the regulator.

The gaming sub-sector has over the years implemented measures aimed at combating ML/TF/PF. The regulator has deepened awareness creation among the sector players about their obligations which includes appointment of AMLROs to implement robust KYC/CDD measures, continuous training for staff on AML/CFT/CPF requirements and maintaining transparent transaction records and reporting of suspicious transactions. Also, the regulator has intensified its risk-based on-site and off-site supervisory activities.

The previous national risk assessment identified the sector as relatively small but growing, with a mix of landed casinos and an emerging online presence. Today, the sub-sector has seen a marked increase in online operators (21) and a diversified market. The client base profile of the gaming sub-sector has also changed significantly. In the past, the client base primarily consisted of foreign nationals, and the onboarding processes for clients were less stringent. However, the current state of the sub-sector shows a broader client base with significant local participation, facilitated by online platforms. In addition, customer identity is verified due to the implementation of a more robust onboarding process, incorporating Ghana Card and mobile number verification for onboarding to ensure compliance with age restrictions and the source of funds. This also makes it easy to trace and monitor transactions for reporting purposes. This shift not only broadens the market but also enhances the sector's credibility and trustworthiness.

In terms of cash activity, the sector has moved from being highly cash-intensive to relying more on online transactions. Previously, the high cash intensity, especially in landed casinos and betting shops, made the sector vulnerable to ML/TF/PF. Today, the shift to online transactions has reduced the level of cash activity. Even landed betting shops now increasingly rely on digital wallets and card payments, thereby decreasing overall cash handling and mitigating the risk of ML/TF/PF.

The non-face-to-face nature of customer interactions has increased with the rise of online gaming, reducing the previously higher face-to-face interactions in landed casinos and betting shops. This shift has

enhanced digital verification methods and processes to ensure compliance and prevent fraud. Additionally, anonymous clients have become virtually non-existent due to stringent onboarding, verification and compliance measures. This development ensures that players are verified during the sign-on stage and at the withdrawal of funds stage, reducing the risk of ML/TF/PF and other illicit activities.

The difficulty in tracing records has been mitigated as transactions and client activities are now well-documented and traceable because transactions are largely online and account data easily retrievable. This improvement facilitates better monitoring and compliance with regulatory requirements. The Gaming Commission of Ghana in December 2021 also imposed a ban on the operation of analogue machines as they do not meet current standards and support record keeping.

The use of gaming products for tax evasion was identified as a limited issue in previous assessments. Today, potential avenues for tax evasion are still limited and monitored through strict regulatory oversight by both GRA and the Gaming Commission. This demonstrates the strides the sector has made in its commitment to maintaining transparency and compliance with tax regulations.

The gaming sub-sector has strict regulatory oversight and effective AML/CFT/CPF controls. The sector conducts criminal background checks on all potential investors and directors as well as nominal vetting every year for all directors of betting and gambling establishments. The sector also relies on other state agencies to help verify individuals, BOs as well as PEPs to establish proof and source of funds before a gaming licence is granted or renewed.

Key Findings

1. Third-party payment processors, such as e-wallets, prepaid cards and money transfer services, can facilitate ML by adding layers between the source of funds and their ultimate use. Unlicensed gaming operations, especially cross-border ones are mostly prime targets for ML activities as these operations often lack the necessary AML/CFT/CPF procedures and controls.
2. The emergence of peer-to-peer (P2P) gaming and betting platforms such as e-sports and others, where players can wager against each other, can be used to facilitate ML through collusion and manipulation of outcomes. Also, high-value bets and winnings can be used to launder money. Criminals may place large bets and then claim the winnings as legitimate gambling earnings. Ensuring all operators adhere to stringent AML/CFT/CPF regulations can be challenging. While there are laws in place, there is the need to ensure enforcement and compliance.
3. Collecting and sharing customer data for AML/CFT/CPF purposes must be done in compliance with data protection laws, which vary by jurisdiction and can be challenging when conducting CDD and EDD on external stakeholders and directors.
4. CTR threshold remains a grey area and can create opportunities for ML.
5. Additionally, inadequate training for the operators of games of chance as well as insufficient technical assistance for the regulator affects the fight against ML/TF/PF.

Recommendations

1. Continuous training for operators and employees on AML/CFT/CPF best practices and emerging threats and typologies.
2. Continuous capacity building for the regulator to effectively deliver on its mandate.
3. Enhance supervision and enforcement of the regulations to mitigate vulnerabilities and promote a safer gaming environment.
4. Gaming Commission and FIC should take proactive steps in setting the CTR threshold for the sector.

Accountancy Profession

The Institute of Chartered Accountants, Ghana (ICAG) is a professional accountancy body established under Institute of Chartered Accountants, Ghana Act, 2020 (Act 1058). Act 1044 designates accountants as AIs and forms part of the DNFBP sector. ICAG is the sole body authorized by Act 1058 to regulate accountancy practice in Ghana including licencing, supervision and regulating accountancy practice. Furthermore, in accordance with Section 52 (2) of Act 1044, ICAG has been designated as the body to supervise accountants in relation to AML/CFT/CPF compliance. To achieve this, ICAG has a rigorous and robust system for admitting members into practicing accountancy and related fields in the country including licencing of accounting firms. There is also a supervisory unit (Quality Assurance Monitoring) within the Institute which ensures that every practicing firm complies with the established standards and laws pertaining to their job which includes AML/CFT/CPF.

To carry out the supervisory job effectively, ICAG in collaboration with FIC and with support from GIZ has developed AML/CFT/CPF guidelines and supervisory manual to ensure effective supervision and reporting of any infractions. ICAG has appointed AMLRO and has urged all practicing firms to appoint AMLROs in their various offices with specific responsibility for AML/CFT/CPF matters.

Accountants are central to maintaining financial health and integrity, fiscal discipline, transparency and accountability. Their responsibilities are to ensure accurate financial reporting and auditing processes, compliance with regulations and strategic financial planning. Their role is critical to ensuring the effective and efficient use of organisational resources.

Accountants in Ghana do not prepare for or carry out transactions for their client concerning the activities such as buying and selling of real estate; managing of client money, securities or other assets; management of bank, savings or securities accounts; organisation of contributions for the creation, operation or management of companies; creation, operation or management of legal persons or arrangements, and buying and selling of business entities.

Anonymous clients are not available in the profession. The engagement process and auditing standards do not allow for accepting anonymous clients. Records are therefore easy to trace in the profession. Accountants are required to keep proper records of all their dealings with clients. They are to keep these documents at their premises for a minimum of six years. ICAG is so strict that practitioners are careful not to indulge in such negative activities. Accountants largely would comply with laws relating to taxation in the country.

Key Findings

AML vulnerabilities in the Ghanaian accountancy profession can pose significant risks to the integrity of financial systems. The following are the key vulnerabilities.

1. Accountants in Ghana do not prepare for or carry out transactions for their client concerning the activities such as buying and selling of real estate; managing of client money, securities or other assets; management of bank, savings or securities accounts; organisation of contributions for the creation, operation or management of companies; creation, operation or management of legal persons or arrangements, and buying and selling of business entities.

Recommendations

The following are recommended:

1. ICAG should continue to monitor the activities of accountants and where any of them begin to carry out activities as stated in R. 22 of FATF 40 recommendations, then they must be required to carry out CDD, record keeping, filing of suspicious transactions, measures on new technologies as well as reliance on third parties.
2. ICAG and FIC should expedite action on finalizing the AML/CFT guidelines for Accountants.

Legal Profession

The General Legal Council (GLC), a national body that organizes legal education and governs standards of professional conduct, regulates lawyers in Ghana. The laws applicable to GLC's mandate are the Legal Profession Act, 1960 (Act 32) and the Legal Profession (Professional Conduct and Etiquette) Rules, 1969 (L.I. 613). The Ghana Bar Association (GBA) is also a professional organization of lawyers in Ghana. GBA's primary goals are to uphold the dignity, independence and honesty of the legal profession as well as to make sure that strict discipline, manners and professional standards are consistently upheld.

Lawyers carry out many functions that require an awareness of AML/CFT/CPF issues. These include services relating to the buying and selling of real estate, managing client accounts and the establishment of companies. Lawyers also act as trustees, nominees, directors and can also manage the operations of companies.

The services they provide require that comprehensive due diligence is carried out on clients. They are also required to file STRs when transactions are suspicious in nature, however, there is the need to strengthen their reporting regime.

To carry out the supervisory job effectively, FIC with support from GIZ is developing AML/CFT/CPF guidelines for lawyers to ensure effective supervision and reporting of any infractions.

Considerable attention needs to be paid to the legal profession as there is a low level of AML/CFT/CPF supervision of the sector. Lawyers are aware of AML/CFT/CPF obligations, and some are yet to designate officers to be in-charge of AML/CFT/CPF matters thus exposing them to some level of risk.

Recommendations

1. GLC and GBA should be engaged to extend their supervisory role to cover AML/CFT/CPF issues.
2. Regular monitoring of the players in the sub-sector to ensure compliance with the AML/CFT/CPF standards.
3. FIC/GBA/GLC should hasten the completion and adoption of the AML/CFT/CPF guidelines.
4. Build the capacity of lawyers on their AML/CFT/CPF roles and responsibilities.
5. FIC/GLC should collaborate to develop AML/CFT/CPF curriculum for the legal profession.

OTHER SECTORS OF IMPORTANCE

SECOND-HAND CAR DEALERS

Second-hand car dealership in Ghana comprises of freelance dealers who usually import about one or two vehicles to sell, private businesses who import fleets of vehicles from outside the country or those individuals who import accident vehicles and repair them for outright sale. The re-sale of vehicles initially purchased as brand new and used for some few months or years may also be considered as second-hand vehicles.

The operations of the second-hand car dealers are less formal and highly cash-intensive in nature. Although a lot of awareness creation on the risks associated with the use of cash as the main mode of payment and hence encouraging the reduction of this practice, most of the dealers' interviewed expressed that cash is the preferred mode of payment and had even turned down payments by some customers who issued cheques for payments of their vehicles. The clientele base for this sector is largely nationals. Dealers indicated there were no anonymous clients, although in some instances agents/middlemen were used to complete transactions. The sector is confronted with a number of vulnerabilities making it susceptible to ML/TF risks. Second-hand car dealership requires substantial amounts involved in the sale of vehicles which can facilitate the concealment of illicit funds. Porous borders exacerbate these risks where illegally imported vehicles can be used to launder money and allow criminals to convert illicit cash into valuable assets which could be resold or used to further illicit activities. Furthermore, the predominant use of cash in this sector makes transaction monitoring and tracing very difficult. The sector also lacks regulatory supervision.

Act 1044 designates dealers in motor vehicle as AIs subjecting them to comply with the AML/CFT measures. Additionally, the Act mandates FIC, for the purpose of ML/TF, to supervise the sector as there is no supervisory body. FIC together with the Vehicle and Assets Dealers Association of Ghana (VADAG) and other associations in the sector has conducted a number of awareness creation and training programmes on their AML/CFT/CPF obligations. However, the assessment revealed these trainings are inadequate and have not reached a number of dealers in the sector as the level of compliance on record keeping, appointment of AMLRO, conducting of customer due diligence among others remain low.

Recommendations

To reduce the identified risks, Ghana has enacted Act 1044, which requires accountable institutions, including dealers in motor vehicles, to follow strict compliance and reporting requirements. To this end, the following are recommended.

1. FIC should ensure a more robust regulation and supervision of the sector.
2. FIC should implement robust customer due diligence measures to verify customer identities and assess the legitimacy of funds used in transactions.
3. Second-hand car dealers should be encouraged to keep records adequately and report suspicious transactions/ activities.
4. Non-compliant second-hand car dealers should be sanctioned in accordance with the law.

COCOA SECTOR

Ghana is currently the second largest producer of cocoa in the world accounting for about 19 per cent of global production of cocoa. Cocoa plays an important role in the socio-economic development of Ghana. Between 2018-2023, Ghana produced an average of 800,000 tonnes of cocoa beans, contributing an average of 3.5 percent of GDP, opening the rural economy for integration into the national economy and enhancing trade. The cocoa industry employs 1.6 million people representing 17 per cent of the working population in seven regions in Ghana namely Western North, Western South, Central, Bono East, Ahafo, Eastern, Ashanti, Oti and the Volta regions.

The cocoa industry is regulated by Ghana Cocoa Board (COCOBOD), established in 1947 and governed by the Ghana Cocoa Board Act, 1984 (PNDCL 81) as amended by Ghana Cocoa Board (Amendment) Act, 2020 (Act 1035). The mandate of COCOBOD includes encouraging and facilitating the production, processing and marketing of good quality cocoa, coffee and sheanut in all forms in the most efficient and cost-effective manner and maintain the best mutual industrial relation with its employees. Through the activities of COCOBOD, Ghana has maintained its reputation as a producer of premium quality cocoa globally.

The cocoa sector is confronted with some risk making it vulnerable to ML. These vulnerabilities include predominance of cash dealings in cocoa farming and trade which makes it difficult for the tracking of financial flows and creating opportunities for illicit funds to be mingled with legitimate earnings. Additionally, the sector is saddled with the crime of smuggling of cocoa beans outside the borders of Ghana to neighbouring countries particularly Côte d'Ivoire and Togo. Ghana operates a fixed farmgate price system set by COCOBOD, whereas these neighboring countries often have higher market-driven prices. As such smugglers exploit this shortfall by illegally transporting the cocoa across Ghana's borders for higher prices. Some farmers also indicated that they sell to smugglers because they offer cash payments upfront compared to Licenced Buying Companies (LBCs), which often have delayed payments. It has also come to bear that some officials of LBC collude with smugglers. In the 2023/2024 cocoa season, studies revealed that Ghana lost over 160,000 tons of cocoa beans through smuggling, the highest so far.

The government of Ghana has over the years put in some measures to mitigate the above-mentioned risks. To deter the smuggling of cocoa beans which is caused by price differences with neighbouring countries, the government raised the fixed farmgate price for cocoa farmers by roughly 45% in September 2024, from GH¢33,120 to Gh¢48,000 per metric tonne. The upward rise in prices is to enhance the income of farmers and reduce the incentive to sell cocoa illegally across borders. COCOBOD has enlisted the support and collaboration of Ghana Armed Forces and other LEAs to curb the rising incidence of cocoa smuggling and to ensure that cocoa beans are sold through legitimate channels. Additionally, COCOBOD in compliance with European Union Deforestation Regulation (EUDR) through the Cocoa Management System (CMS) and with the support of GIZ, has developed the Ghana Cocoa Traceability System which seeks to track cocoa beans from farms to export, ensuring transparency and reducing opportunities for smuggling.

COCOBOD has launched initiatives to increase awareness about the negative impact of cocoa smuggling on the national economy and the livelihoods of farmers. These activities aim at educating communities on the importance of preserving the integrity of the cocoa supply chain. Furthermore, individuals found guilty

of cocoa smuggling in Ghana face harsh legal penalties, including a minimum sentence of five years and a maximum of ten years in prison. Also, complicit LBCs involved in smuggling, risk losing their operating licences. These policies aim to dissuade participation in the illegal cocoa trade.

The cocoa sector, though confronted with some challenges particularly smuggling, the government is embarking on several mitigative measures to curb this disturbing menace. The sector's vulnerability to ML is therefore rated Medium.

Recommendations

Cocoa sector is instrumental in the Ghanaian economy. It is imperative that the government considers the underlisted recommendations to curb the ML vulnerabilities the sector faces.

1. Intensify awareness creation on the economic impact of smuggling of cocoa beans to the country as well as the possible additional charge of ML if the predicate crime of smuggling is established.
2. Awareness creation on ML/TF to cocoa farmers, LBCs and COCOBOD at large.
3. COCOBOD should ensure that some level of simplified CDD is conducted particularly on cocoa buyers.

HOTEL INDUSTRY

The hotel industry is a vital component of Ghana's larger hospitality and tourism sector, contributing to the national economic growth and employment creation. The industry is primarily regulated by the Ghana Tourism Authority (GTA) established under the Tourism Act, 2011 (Act 817). The industry players are required to be compliant with the legal frameworks of regulatory bodies such as Food and Drugs Authority (FDA), Ghana Standards Authority (GSA), Ghana Revenue Authority (GRA) and Ghana Investment Promotion Centre (GIPC).

There is a legal framework that has administrative sanctions for infractions on licencing and renewal of licences. These administrative sanctions include monetary fines, warning letters and the withdrawal of licenses from operators.

Client base for the hotel industry is both Ghanaians and foreigners. Hotels provide packages such as individuals, group and events to meet their varied clientele base. Players in the industry conduct some level of due diligence on their clients before they establish any form of business with them. Before being onboarded, clients are required to provide a number of documents such as passport details and Ghana Card for identification.

Largely, payments for hotel services include cheques, bank transfers, digital payments such as POS and mobile money. Additionally, few clients make payment via cash. Identification cards for foreign nationals are verified with the Ghana Immigration Service to confirm its genuineness. Players within the sector keep records for at least five (5) years.

The assessment revealed that services provided to clients were on a face-to-face basis as such there are no anonymous clients or services provided. Furthermore, hotel services are rendered primarily to natural

persons and where legal persons are involved, direct beneficiaries of the services are attended to on a face-to-face basis.

Some of the ML schemes in the hotel industry include the payment for services that did not take place, overpayment of services for later refunds and bookings for hotel facilities and cancelling for refunds. However, FIC together with the Ghana Tourism Board and National Security Council Secretariat (NSCS) continue to create awareness on the ML risk within the sector. Hotel officials especially the security personnel do undergo period trainings and also conduct objects/persons screening as part of their daily checks. Moreso, they are required to inform the appropriate security and intelligence agencies when they identify or suspect unusual activities as part of the 'see something, say something' campaign.

Notwithstanding the various interventions made by government, the identified gaps underscore the need for continued engagement and capacity building on the impact of the prevalence of ML in the hotel industry.

Recommendations

To curb the ML vulnerabilities in the hotel industry, FIC and Ghana Tourism Authority should implement the underlisted recommendations.

1. Intensify awareness creation to industry players and general public on ML schemes and the risk it poses to the industry.
2. Ghana Tourism Authority should enforce administrative sanctions and where necessary, criminal sanctions for defaulting clients.

LEGAL PERSONS AND LEGAL ARRANGEMENTS

Introduction

In market-based economies, corporate entities including corporations, trusts, foundations, and partnerships conduct a wide range of commercial activities and serve as the bedrock for a wider range of entrepreneurial endeavors. In spite of the significant and lawful roles they play in the global economy, these corporate structures are occasionally misused for illegal activities such as ML, bribery, corruption, insider dealings, tax evasion, financing terrorist activities and other illegal activities. Criminals have moved from the traditional way of moving funds through the financial system due to the robust AML/CFT/CPF mechanisms in place. However, they have resorted to exploiting corporate vehicles and those that offer trust and company services providers (TCSPs) to conceal and transform their illicit proceeds.

Accordingly, the risk assessment of LPs and LAs is being conducted to assess the risks posed by each category of LPs and LAs to deploy commensurate mitigating measures. This would also enable policy makers undertake robust legal reforms where necessary, strengthen the capacity of ORC and enhance awareness creation and capacity building to the relevant stakeholders.

Office of the Registrar of Companies (ORC)

ORC is an autonomous body established under the Companies Act, 2019 (Act 992). It was hived off the Registrar-General's Department (RGD) which was established under the Ordinance 1950 during the colonial days and became a department of the Ministry of Justice and Attorney-General in 1961. RGD had previously performed as part of its functions, the current functions of ORC.

ORC is an independent body, and its object is to register and regulate all types of businesses in conformity with Act 992 and any other relevant enactments. ORC registers;

1. Business names in accordance with the Registration of Business Names Act, 1962 (Act 151)
2. Partnerships in accordance with the Incorporated Private Partnerships Act, 1962 (Act 152)
3. Companies in accordance with the Companies Act, 2019 (Act 992)
4. Professional Bodies pursuant to the Professional Bodies Registration Act, 1973 (N.R.C.D. 147), other than professional bodies established by an Act of Parliament

ORC has a head office in Accra and four (4) regional offices for registration of legal persons with automated synchronization of data into the main ORC e-Registrar. ORC maintains basic and beneficial owner (BO) information on all legal persons it registers and ensures the information is easily accessible to all Ghanaians especially competent authorities.

Legal Persons

According to FATF, legal persons refer to any entity other than natural persons that can establish a permanent customer relationship with FIs or otherwise own property. This can include companies, bodies

corporate, foundations, clubs, partnerships or associations and other similar entities. The relevant laws on the establishment and registration of legal persons in Ghana are Act 151, Act 152, Trustees (Incorporation) Act, 1962 (Act 106) and Act 992. The different types of legal persons registered in Ghana are companies limited by shares, companies unlimited by shares, companies limited by guarantee and external companies. These can be either private or public companies. In addition, there are incorporated private partnerships. The main categories of legal persons under the laws of Ghana are explained below:

1. ***Companies Limited by Shares (Private or Public):*** This is a business entity registered with at least two individuals acting as directors of the company and at least one person (company or individual) acting as a shareholder in the entity with a nature of business which is (always) for the generation of profit. The liability of the members of this entity is limited to the amount unpaid on the shares held by them. These can either be private or public entities.
2. ***Unlimited Liability Companies by Shares (Private or Public):*** - This company type does not have any limit on the liability of its members. Unlimited liability companies have shares and are profit driven, but shareholders have unlimited personal liability. A shareholder of an unlimited liability company is practically in the same position as a sole proprietor and does not benefit much from the potential advantages of incorporation. Unlimited liability companies are mostly professional bodies.
3. ***Companies Limited by Guarantee (Private or Public):*** - This company structure is best suited for not-for-profit organisations (NPOs). This is because the objects of a company limited by guarantee cannot include the generation of profit. As such, these companies are exempt from corporate tax (although the organisation would have to pay income tax on behalf of its salaried employees). Examples of companies limited by guarantee are associations, clubs, foundations, churches, faith-based organisations (FBO), charities etc.
4. ***External Company:*** - An external company per section 329 of Act 992, is a body corporate formed outside Ghana which has established a place of business in Ghana. Although an external company is subject to Ghanaian tax laws (income & corporate tax), such a company is regulated by the laws of the country in which it was originally incorporated. An external company is represented in the country by a local manager or a process agent.
5. ***Incorporated Private Partnership:*** - Section 3 of Act 152 describes a partnership as an association of two or more individuals carrying on business jointly for the purpose of making profit and should not exceed 20 persons. There is no protection of partners' personal assets in an incorporated partnership. The acts of one partner bind the whole partnership.

The number of registrations by the various types of Legal Persons is listed below;

Total Number of Legal Persons (LPs) Registered in Ghana (2019-2023)

		2019		2020		2021		2022		2023	
	Entity Type	No. of Entity Registered	No. of BO Filed	No. of Entity Registered	No. of BO Filed	No. of Entity Registered	No. of BO Filed	No. of Entity Registered	No. of BO Filed	No. of Entity Registered	No. of BO Filed
Company Limited by Guarantee	Private	7012	901	6928	1123	6866	6165	7736	7736	8136	8136
	Private Unlimited	0	0	0	0	0	0	0	0	0	0
	Public	0	0	0	0	0	0	0	0	3	3
Company Limited by Share	Private Limited	18194	2747	17975	3386	17228	15448	17442	17442	17325	17325
	Private Unlimited	53	14	52	10	59	53	59	59	63	63
	Public Limited	15	9	14	6	9	14	38	38	48	48
	Public Unlimited	0	0	0	0	1	1	0	0	0	0
External Companies		95	9	71	15	74	51	77	77	68	68
Partnership		222		322		307		227		247	
Business Name		66254		110500		95114		108593		114972	

Source: ORC Database, Dec 2023

Legal Arrangements

Legal Arrangements refer to express trusts or other similar legal arrangements. The statutes concerning Trusts in Ghana are the Public Trustee Ordinance of 1952 (No. 24 of 1952) and the Trustees (Incorporation) Act, 1962 (Act 106). No. 24 of 1952 creates the office of the Public Trustee and clothes the holder with corporate status. The public trustee operates under the ordinance as a trustee with power to administer the properties of mentally incapacitated persons and to be appointed as an ordinary trustee among other functions.

Act 106 enables trustees of a voluntary association established for a religious, literary and scientific, sports or charitable purpose on registration under the Act, to become incorporated to hold immovable property in trust for the members of the relevant Association. However, private trust arrangements fall out of Act 106. Even though no legal framework exists in the context of FATF Recommendation 25, Ghana as a common law jurisdiction recognises Trust. This notwithstanding, trust arrangements are not popular and there are no records or evidence of legal arrangements in the country.

Registration Process for Legal Persons

Registration of Partnership

1. First, a name search is conducted and a Tax Identification Number (TIN) is obtained for the Partners. Applicants fill a Partnership Form which requests the name of the Partnership, the general nature of the business, the address and principal place of business of the Partnership.

2. The names of the Partners and their residential and occupational addresses and the date of commencement of the Partnership.
3. A partnership deed duly stamped at the Ghana Lands Valuation Board is attached.
4. The forms are submitted and payment is made at a bank within ORC premises. An electronic receipt of payment is then generated and printed and attached to the completed registration forms. The forms are then vetted and forwarded for approval. Approval is given within 3 working days if no query is raised.

Applicants are issued with a partnership certificate of incorporation and a partnership profile (Form B).

Registration of Companies Limited & Unlimited by Shares and Limited by Guarantee

1. An applicant in registering a company limited or unlimited by shares conducts a name search and ensures that the company name is not already registered or likely to confuse the general public.
2. All officers and members of the company obtain a TIN from GRA. This will soon be replaced by the use of the Ghana Card when ORC's new software is deployed.
3. The applicant fills the prescribed incorporation forms indicating the name of the company, the nature of business and principal activity, the business address and postal address, particulars of the officers of the company (at least 2 directors and a secretary), the addresses and occupation of the directors and secretary, particulars of the company's auditor, digital and email address.
4. The company indicates its authorized and issued shares, particulars of the subscribers (members) and declaration of BO of the company and attach a government issued identification. A declaration is signed by the directors and secretary of the company confirming that all information provided are true. A consent letter from an Auditor appointed is also attached.
5. The forms are submitted and payment is made at the onsite bank or online as the case may be. The forms are vetted and forwarded for approval. Approval is given within 3 working days if no query is raised.
6. A certificate of incorporation, a Form 3 and BO profile are issued to the applicants.

The procedure explained above also applies to the registration of companies limited by guarantee.

However, a company limited by guarantee does not issue shares or pay stated capital. The company is required to state its objects and a guaranteed amount which would be paid by each member upon its being wound up.

Registration of External Companies

For an external company seeking to register its branch in Ghana, its local manager must obtain a TIN. The name must be the same as that registered in the country of incorporation.

1. It then completes the requisite forms by providing details of the company's name, the nature of business and principal activity, the business address in the country of incorporation, the address of the principal place of business in Ghana and postal address, BO declaration forms, particulars of the local manager and who is authorized to manage the business of the company in Ghana and a process agent (if any), i.e. the person authorized by the company to accept service of processes and other documents on behalf of the External Company in Ghana.

2. The company shall submit a certified copy of the charter, statutes, regulations, memorandum and articles of association or any other instrument establishing the constitution of the company in a language acceptable to the Registrar (English language) as well as a notarized Power of Attorney appointing the local manager.
3. The form is submitted and payment is made at the onsite bank at ORC. The forms are vetted and forwarded for approval. Approval is given within 3 working days if no query is raised.
4. A Certificate of Registration, Forms 20 & 21 and a BO Profile are issued to the applicant after registration.

ORC also offers expedited services at all its offices within 24 hours.

Challenges confronting the Registration Process

1. The online registration portal of ORC does not require a face-to-face interaction. However, verification is done through the TIN application process.
2. When the information on the forms is inadequate, a query is raised and approval is delayed awaiting the resolution of the issues raised. This delays the registration process which ought to be completed within 3 working days.

Rejection of Application Forms

Applications are not usually rejected. They are rather queried to afford the applicants the opportunity to make changes to their applications as required. Some instances where queries are raised are listed below:

1. If a similar name already exists in ORC register.
2. If the name is misleading or undesirable.
3. If the objects or nature of business are illegal or it does not match up with the type of business entity being registered.
4. If the forms are not properly filled out.
5. In the case of an external company, copies of the incorporation documents submitted are not certified from the country of origin of the company or notarized.

Beneficial Ownership Information on Legal Persons in Ghana

Act 992 in 2019 provides for the inclusion of the names and particulars of BOs of companies (legal persons) in the register of members for the establishment of a Central Register (Beneficial Ownership Register) and for related matters. This demonstrates some of the great achievements Ghana has made in its AML/CFT regime following its second (2nd) round mutual evaluation exercise and subsequent actions taken such as the conduct of a sectoral risk assessment on legal persons and arrangements as well as the implementation of the 2018-2022 National AML/CFT strategy, to enhance transparency of legal persons in Ghana.

ORC is the custodian of the Central Register. The information provided by legal persons on BOs are verified to ensure it is adequate, accurate and up to date. Regulation 41 of Companies Regulations 2023, L.I.2473 provides an explanation of who a BO is under the Ghanaian legal framework.

Section 35 of Act 992 requires all companies to maintain a register on their Members as well as on their BOs. The information in respect of the BO should contain information such as the full and former names, addresses, date of birth, phone number, nationality, national identification, place of work and position held as well as the nature of the interest held by the BO and whether or not the BO is a PEP.

Companies are required to forward or update their BO information with the Registrar within twenty-eight (28) days of entry in the register of a change in the particulars of BOs.

Act 992 imposes a sanction of a fine where a person who fails to provide the BO information required or provides false or misleading information to the Registrar. A person commits an offence and is liable on summary conviction to a fine of not less than fifty penalty units and not more than two hundred and fifty units or to a term of imprisonment not less than one year and not more than two years or both.

Additionally, where a company defaults in complying with the requirements above, the company and every officer of the company that is in default is liable to pay to ORC, an administrative penalty of twenty-five (25) penalty units for each day during which the default continues.

ORC has undertaken a lot of nationwide sensitisations for all staff, relevant stakeholders and the general public on BO. This has enhanced knowledge and understanding of the importance of collecting, keeping and maintaining accurate BO information.

Money Laundering Threats

Ghana's risk index score for ML/TF as at 2023 was 5.29, which was marginally lower than the previous year's score and an improvement over the years. A number of variables, including the relevant laws, were used to measure the threat of ML/TF. Ghana has shown substantial progress in this area, coming in at number 43 (medium risk) out of 128 nations in 2023.

Enforcement Data

During the period under review, out of the total number of cases opened at FIC, over 460 cases involved the abuse of legal persons for illicit activities. Intelligence reports were disseminated to relevant LEAs for further investigation, prosecution and conviction. Additionally, intelligence reports were disseminated to the AML Unit of GRA to assess the tax liabilities of defaulting legal persons for recovery and appropriate criminal sanctions.

Regarding MLA, data requests are routed through the Ministry of Justice and Attorney-General Department (MoJAG). All LEAs that need assistance from other jurisdictions request through the MoJAG for onward submission to the specific jurisdiction. Ghana has prosecuted and convicted ML cases involving the abuse of LPs.

Nature of Abuse

The assessment indicated that limited liability companies were the most frequently abused legal structures for ML purposes domestically and in foreign jurisdictions. Additionally, companies limited by guarantee could be abused for ML as these companies can be used as shell companies to engage in illicit activities.

Shareholders and board of directors were identified as the main perpetrators of illicit activities associated with limited liability companies by discretely influencing key decisions and steering the organisation to serve their own interest. These legal structures are commonly used for property holding and banking purposes. This shows a preference for assets with high liquidity and ease of concealment. A case in point is the Republic vs William Ato Essien as discussed in case study 8 above. There were seven (7) legal persons involved in this case. Subject employed misappropriation and embezzlement of funds as well as manipulation of financial records to commit the predicate offence of conspiracy to steal and stealing.

Involvement of Professionals

The level of involvement of professionals such as lawyers, accountants and other TCSPs in the abuse of legal structures for ML purposes is reported to be low. However, perception remains high that professionals aid the use of legal structures for ML.

Involvement of Politically Exposed Persons (PEPs)

PEPs are considered high risk customers in Ghana due to their potential involvement in corruption, misuse of public funds and abuse of power for personal or associate gains. Subsequently, FIs and DNFBPs have implemented enhanced CDD measures to identify and monitor PEPs and their transactions. That notwithstanding, PEPs who have been identified to have been involved in ML cases have been investigated, prosecuted and convicted. In Republic vs. Agyenim Boateng Adjei (2020), a PEP used multiple legal structures to conceal ownership/control.

Case Study 11: *Republic v. Agyenim Boateng Adjei (2020)* Using Public Office for Personal Gain and Money Laundering

Details	<p>In 2019, investigative journalist premiered his 'Contracts for Sale' documentary in which a company, Talent Discovery Limited (TDL), jointly owned by the Chief Executive Officer of the Public Procurement Authority employed bid rigging, collusion and use of shell company mechanisms to award government contracts to his family and relations. To facilitate their concealment, the CEO and his associate, registered several entities including TDL. Search at the ORC revealed the CEO and his associate were linked to about 12 companies. TDL did not execute the contracts which included road projects but sold them to the highest bidder who were usually his close associates or family members.</p> <p>FIC collaborating with LEAs, issued a freeze order to all banks which had banking relationships with subject. FIC further disseminated intelligence reports to LEAs to facilitate investigation and prosecution.</p>
Methods Used	Bid rigging, conflict of interest
Number of Legal Persons Involved	Five (5)
Predicate Offences	Causing financial loss to the State and corruption
Techniques Used	Using public office to win government contracts and selling these to the highest bidder for profit.
Status	Investigation is still ongoing

Other Case Studies Involving Legal Persons

Case Study 12: *Republic v. Kwame Amponsah & 6 Others (2019)*

Conspiracy to Defraud, Defrauding by False Pretences and Money Laundering

Details	The case involved a fraudulent scheme orchestrated by several individuals and corporate entities to defraud an Italian businessman, Roberto Maria Di Lorenzo, who was seeking to purchase gold in Ghana. The accused parties, including Kwame Amponsah and several others, deceived the complainant into believing they had gold for sale. They facilitated his travel to Ghana, signed agreements for the sale of gold and received significant sums of money from the complainant for various purported expenses related to the gold transaction. However, the gold was never delivered and investigations revealed a complex web of fraudulent activities involving multiple corporate entities controlled by the accused individuals.
Methods Used	Conspiracy to defraud and defrauding by false pretences.
Number of Legal Persons Involved	Five (5)
Predicate Offences	Conspiracy to commit fraud and defrauding by false pretences
Techniques Used	Use of corporate accounts, misleading documents, and fraudulent gold sale schemes.
Status	Convicted and sentenced

Case Study 13: *Republic v. TDL Pay Company Limited (2021)*

Fraudulent online Bank Card Transactions and Money Laundering

Details	A report from an AI on TDL Pay Ghana Ltd received by FIC revealed that TDL Pay Ghana Limited, enrolled on the U-Collect platform to accept online payments for goods and services. Investigations revealed that 172 complaints were made to VISA on grounds of fraud for the use of the platform involving 133 distinct cardholders/issuers. A total of US\$115,407.73 was suspected to have been deducted from respective card holders without their consent. FIC issued a freeze order on TDL's accounts pending investigations.
Methods Used	Conspiracy to defraud and defrauding by false pretences.
Number of Legal Persons Involved	One (1)
Predicate Offences	Fraud
Techniques Used	Fraudulent transactions which compromised card details of customers of an online sale platform.
Status	Prosecuted

In summary, limited liability companies, are the primary legal structures abused for ML purposes with shareholding and board directorship being common ownership or control arrangements. In the larger framework of illicit financial flows (IFFs) in West Africa, Ghana plays a minor role and it is not a major hub for illicit funds using corporate vehicles and professions. Notwithstanding the government's efforts, there are still some deficiencies in the effective fight against IFFs. The real estate and general goods trading sectors are favoured for asset ownership and the involvement of professionals in facilitating ML is limited.

National Vulnerability

The national vulnerability assessment consists of two elements. These are:

1. Assessment of the attractiveness of the jurisdiction as a centre for incorporation, registration and creation of LPs and LAs, primarily for non-residents.
2. Assessment of the strength of the mitigation measures in place to minimise the ML risks of abuse of LPs and LAs.

Attractiveness to Non-Residents

Ghana is not classified as an offshore jurisdiction or a tax haven and therefore it is not a preferred destination for non-resident companies looking to take advantage of the benefits attributable to offshore jurisdictions.

The TCSP sector mainly serves domestic clients and is restricted from advertising services to both domestic and international clients in accordance with the Legal Profession (Professional Conduct and Etiquette) Rules, 1969, L.I. 61, Code of Ethics of the Ghana Bar Association and sections 7(2)(b) and 15 of the Professional Bodies Registration Decree, 1973 (NRCD)143). Ghana is politically stable, peaceful and has a strong rule of law, with efficient legal systems protecting property and contractual rights. Since October 2020, Ghana has fully implemented BO disclosure requirements as part of company registration, with information maintained by ORC. All companies must disclose BO information during incorporation, annual returns and any changes, including declaring if BOs are PEPs. Nominee and bearer shares are prohibited. Although tax incentives exist for corporate entities, Ghana is not a tax haven and maintains relatively high tax rates and strong tax administration to prevent evasion, without promoting tax competition.

Mitigation Measures

TCSPs are designated as AIs under Act 1044 and must comply with its obligations, while individual professionals are regulated by their respective bodies. Act 992 imposes administrative and criminal sanctions including fines and imprisonment for non-disclosure, failure to provide information, or submitting false information to the Registrar. These sanctions apply to both companies and their officers. L.I. 2473 adds further penalties for non-compliance with reporting requirements. ORC enforces compliance for all their processes including non-disclosure of BO information by withholding services from non-compliant companies and conducting statutory inspections. Overall, the sanctions are deemed adequate, proportionate and dissuasive.

Corporate Registry

Under Act 992, all companies must register with ORC, except statutory corporations established under Act 990. Trusts are not regulated but may be formed through private legal instruments. Companies must submit BO information at incorporation, update it within 28 days of changes and during the filing of annual

returns. ORC issues automatic alerts to remind companies of filing deadlines and potential sanctions for non-compliance.

Accessibility of BO Information

LEAs, competent authorities and reporting entities access both basic and BO information to facilitate investigations and CDD measures. LEAs and competent authorities have direct and full access to both basic and BO information held in the register at no fee. Reporting entities including FIs, gatekeepers and TCSPs can access BO information online or by written request, both for a fee while basic information is accessible at no fee. Public access to BO information is also available for a fee but excludes personal details to comply with data protection laws. Beneficial owners can apply for exemption from public disclosure if they prove a credible threat to their safety, family or property, supported by evidence such as police reports or court orders. Public profile or job title alone is not enough for exemption. Even if exempted, the BO information remains accessible to competent authorities and LEAs.

Existence & Effectiveness of BO Verification Mechanisms

BO information is validated during reporting for completeness, accuracy and authentication and is cross-checked with NIA and GRA databases. ORC periodically scans for red flags and requests corrections from companies. Efforts are underway to integrate ORC systems with other authorities for robust verification and validation. Additional BO data can be sourced from AIs such banks and insurance firms. Regulation 45 of L.I. 2473 makes provision for reporting discrepancies to the Registrar, who investigates, seeks clarification and updates the central register accordingly.

Controls Against Opaque Structures

All companies, both domestic and foreign, are required to provide BO information to ORC. The Registrar can reject or amend misleading or undesirable company names pursuant to Act 992. PEPs and their close associates are required to disclose their status and BO information. Similarly, local PEPs must disclose any direct or indirect interest, while foreign PEPs must do so if they hold at least a 5% interest in a company.

Key Findings

The assessment established a comprehensive analysis of the ML risks that exist with respect to LPs and LAs. The following are the key findings.

1. There are ten (10) different types of legal persons. At incorporation, the BO information of all LP types is captured by ORC except for incorporated partnerships who are not required to provide BO information as the partners are natural persons.
2. The quality of access to BO information, level of professionalism of the corporate registration and quality of regulation and oversight were found to be the strongest mitigating measures.
3. The risk assessment further revealed that limited liability companies (LLCs) are the primary legal structures abused for ML purposes.
4. Ghana should consider expanding its regulatory framework to cover LAs.

Recommendations

1. Establish a legal framework for BO disclosure by LAs and require trustees to maintain accurate and up-to-date records of settlors, beneficiaries and assets.
2. Implement a risk-based approach to supervise LAs, focusing on high-risk sectors and activities.
3. Enhance public awareness campaign on the importance of transparency in LPs and the risks associated with their misuse.
4. ORC should enhance the enforcement of applicable sanctions to ensure compliance to BO reporting obligations.
5. ORC should enhance BO verification mechanism.

NON-PROFIT ORGANISATIONS (NPOs)

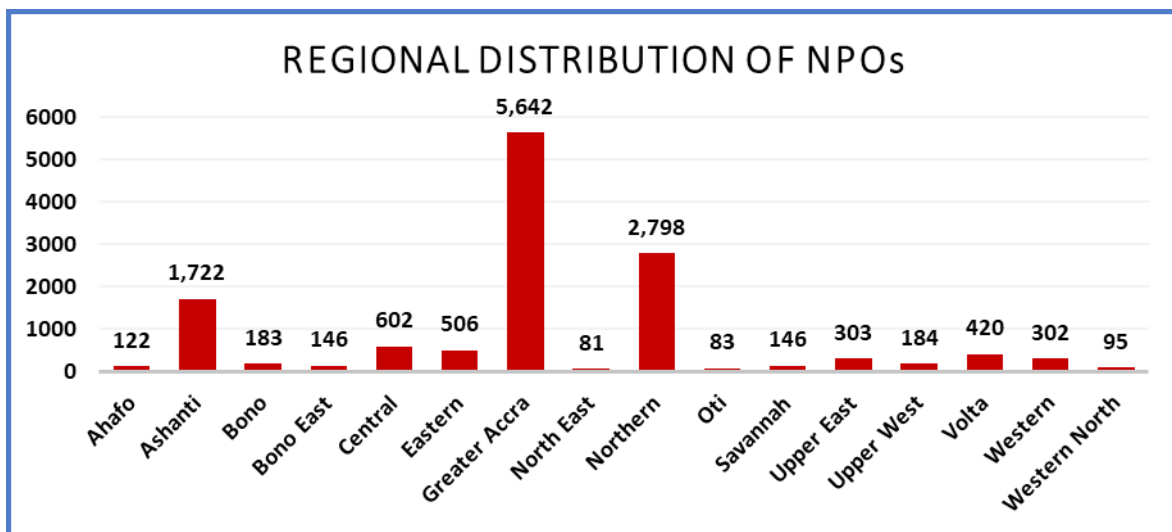
Introduction

The Non-Profit Organisation (NPO) sector in Ghana plays a vital role in humanitarian aid, social development and advocacy. However, due to the nature of their operations such as handling large cash donations, cross-border funding and charitable disbursement, NPOs are vulnerable to ML/TF/PF risk. Also, criminals and terrorist groups may exploit weak financial controls, lack of transparency and informal donation channels to launder illicit funds or divert resources for illegal activities. Thus, this section aims to identify the subset of organisations that fall within the FATF definition of NPOs, identify the nature of threats posed by terrorist entities to these subsets of NPOs and review, among others, the adequacy of laws and regulations related to these NPOs in order to take targeted, effective and proportionate actions to address the risks identified per FATF's Recommendation 8 and its interpretative notes.

Nature of NPOs in Ghana

NPOs in Ghana are entities that operate without the aim of making profit but rather serve social, charitable, religious, educational and humanitarian purposes. They play a crucial role in community development, service delivery and advocacy, often filling gaps where government's resources and efforts cannot reach. The NPO sector includes local, national and international organisations with diverse funding sources ranging from membership dues, grants, donations and international aid. According to the database of the NPO Secretariat as at March 2024, there were 12,118 registered local and international NPOs across the country. However, there is an estimated 30,000 organisations registered as companies limited by guarantee with ORC which includes religious, clubs and societies that may be operating in the NPO sector.

The figure below shows the distribution of NPOs across the various regions of Ghana.



Many of these organisations are involved in multi-sectoral activities, others are mono-sectoral or thematic in their programme focus. NPOs, which include civil society organisations formed for public benefit, increase in numbers annually. They operate in various fields such as health, education, agriculture, governance,

emergency relief, community and rural development, finance, persons with disability, women and children services, security, housing, water and sanitation, vocational training and youth services and managerial assistance as well as the rehabilitation of drug addicts among others. These organizations play a vital role in the development of the country and as such enjoy privileges such as tax exemptions and waivers.

Legal/Institutional Framework of the NPO Sector

The regulation of the NPO sector in Ghana is governed by a comprehensive legal framework aimed at ensuring transparency, accountability and compliance with national and international standards. The 1992 Constitution (Article 37) guarantees the right to form associations for development, while Act 992 provides guidelines for NPO registration. The Exemption Act, 2022 (Act 1083) allows for relief for eligible NPOs and the Public Financial Management Act, 2016 (Act 921) ensures accountability for organisations receiving public funds. Additionally, Act 762 and L.I. 2181 mandate compliance with AML/CFT/CPF regulations, while the NPO Directive establishes governance and operational guidelines.

Before 2019, NPOs were required to register with ORC and the Department of Social Welfare (DSW) under the Ministry of Gender, Children and Social Protection. Following the outcome of Ghana's Second (2nd) Round of Mutual Evaluation, the implementation of the Action Plan and the findings of the NPO sectoral risk assessment in 2019, Ghana developed the National NPO Policy and Directive for the Management of NPOs Operations in Ghana and established the NPO Secretariat (NPOS). NPOS has over the years issued over 12,000 licences to NPOs and continues to monitor their activities to prevent the abuse of NPOs for TF purposes. Additionally, NPOS organises awareness creation and capacity building programmes for players in the sector to ensure compliance with the FATF standards.

FATF Defined NPOs in Ghana

FATF defines the term NPO to cover *"a legal person or arrangement or organization that primarily engages in raising or disbursing of funds for purposes such as charitable, religious, cultural, educational, social, fraternal purposes or for the carrying out of other types of 'good works'".*

FATF recommends that countries identify the subsector of the NPOs that are vulnerable to TF abuse and apply appropriate safeguards to prevent exploitation of those subsectors for TF purposes. Thus, the risk assessment identified NPOs involved in humanitarian activities, educational activities and Faith Based Organisations (FBOs) as FATF defined NPOs. While majority of FBOs and NPOs providing educational services operate ethically, some present unique ideological risk leading to religious extremism which terrorist groups may manipulate to solicit for support, disguising funding efforts and attract sympathizers for TF activities. Additionally, the presence of humanitarian NPOs in poor and under privileged communities as well as conflict zones makes them susceptible to being misused or infiltrated by terrorist groups.

Furthermore, the NPOs that have been identified as high risk are those operating along Ghana's northern borders with Burkina Faso, northern parts of Cote d'Ivoire and Togo (including Bawku Municipality, Bawku West, Binduri, Garu, Tempene, Nyakpanduri, Yunyou, Nasuan, Chereponi). Additionally, NPOs that receive funding from high-risk countries as identified by FATF are automatically classified as high risk.

Below is a table highlighting the significance and prevalence of potential inherent vulnerabilities of the NPO sector.

Vulnerability	Significance	Prevalence
Humanitarian NPOs, CBOs, and FBOs are active in the Northern parts of the country which is vulnerable largely due to their proximity to the neighboring countries along the northern borders facing various forms of significant terrorism and terrorism financing risks	High	Medium
NPOs operating in medium to high-risk areas, whose activities include movement of goods	Medium	Low
NPOs raising, moving, and disbursing funds through cash	Medium-High	Medium
'Service provision' NPOs (food, health care, water, shelter, medical supplies, education, social services, religious services) operating in medium high-risk areas mentioned above	Medium-High	Medium-Low
NPOs that engage vendors or third parties in medium to high-risk areas	Medium	Low
Establishing an NPO to support terrorist activity	High	Low
NPOs used as a conduit to channel foreign funds to terrorist groups in Africa	Medium-High	Low
NPOs using the internet and online media for fundraising, recruitment, and propaganda	Medium	Low
NPOs using multiple bank accounts	Medium-High	Medium-low

The FATF identified NPOs in Ghana receive funding from both domestic sources and international donors such as United Kingdom (UK), Germany, Canada, Belgium and United States of America (USA).

NPOs are required to submit audited financial reports annually to ORC and NPOS. However, a proportion of these NPOs fail to comply with the obligation to file their financial reports. The assessment revealed that very few NPOs receive aid above GH¢1,000,000.00, while majority receive between GH¢100,000.00 and GH¢1,000,000.00 annually. The same applies to their expenditure.

Ghana continues to make strides to monitor and regulate the NPO sector to prevent their abuse for illicit financial activities. This assessment found no records of STRs, intelligence, investigations, or convictions related to TF involving NPOs in the LEA database.

Terrorism Financing Threat to NPOs in Ghana

Even though Ghana is surrounded by countries that have experienced terrorism attacks such as Burkina Faso, Cote d'Ivoire and Togo, Ghana has not witnessed any form of attack and has not identified any terrorist groups within its jurisdiction. The assessment established that, the proximate threat to Ghana was solely posed by Jama'a Nusrat ul-Islam wa al-Muslimin (JNIM), a highly mobile Salafi-jihadist group, operating in Burkina Faso, Cote d'Ivoire and Togo who share boundary with Ghana to the north, west and east. However, the government of Ghana continue to put in place enhanced security measures such as "Operation Home Shield" to enhance capacity of security personnel to respond adequately to TF threat along the borders and "See Something, Say Something" campaign which encourage public vigilance and community involvement in reporting suspicious activities that pose threat to national security. FIC, NPOS and other relevant stakeholders actively engage in training and capacity building programmes to create awareness of TF vulnerabilities within the sector and encourage the sector players to undertake due diligence on partner organisations or donors when seeking funding for their operations.

Nature of TF Threat to NPOs

Globally, NPOs are abused by terrorist and terrorist organisations in various forms. Terrorist organisations can infiltrate NPOs and use their activities to recruit vulnerable individuals and under privileged

communities. In 2022, the National Security Coordinator warned that extremist groups operating in the Sahel were attempting to recruit young people in northern Ghana. These groups often exploit social and economic grievances using local, religious and community-based organisations (CBOs) as an entry point to radicalise and recruit individuals.

Some NPOs may unknowingly or deliberately raise funds that are channeled to terrorist organisations. This can occur through donations collected under humanitarian, religious or development programmes. Some FBOs and NPOs involved in humanitarian or educational activities receive foreign donations without proper financial oversight. These foreign donors could be linked to terrorist organisations or networks raising concerns that the funds could be used to support terrorist activities.

Additionally, some NPOs may divert funds meant for charitable purposes to support terrorist activities or extremist ideologies. Some humanitarian NPOs have been found to lack proper financial accountability structures which create an opportunity for individuals to divert monies to support terrorist organisations. The risk is particularly high in areas where humanitarian aid is frequently needed due to poverty and security challenges. Without strict financial oversight, funds meant for relief efforts could be misdirected. NPOs may directly or indirectly support extremist ideologies either through leadership or aligning with organisations that have ties with terrorism. The increasing presence of extremist groups in the Sahel raises possibilities that NPOs found along the northern, western and eastern borders of Ghana could establish relationships with these groups knowingly or unknowingly providing logistical or financial supports.

Mitigative Measures against the Abuse of FATF Defined NPOs in Ghana

Ghana has implemented several measures to strengthen the NPO sector against potential abuse for TF purposes. These measures align with indicators previously discussed and it encompasses both government led initiatives and internal practices within the NPO sector.

Government Measures

Government of Ghana has instituted a comprehensive framework combining governmental oversight with proactive measures within the NPO sector aiming to prevent the misuse of NPOs providing education and humanitarian services as well as FBOs for TF activities while supporting their essential contributions to societal development.

Additionally, government of Ghana has established NPOS under the Ministry of Gender, Children and Social Protection which serves as a central body to facilitate and monitor the operations of FATF defined NPOs in Ghana. NPOS ensures focused, proportionate and risk-based measures, without unduly disrupting or discouraging legitimate NPO activities.

Outreach and Education

NPOS together with FIC and technical assistance providers continuously offer training and capacity building for FATF defined NPOs particularly those identified to operate along the northern, eastern and western borders. The training is aimed at creating awareness on AML/CFT/CPF, the sector's vulnerability to TF and measures to ensure that they are not abused by terrorist organisations. These trainings have spanned across the length and breadth of the country. However, more training programs are required.

NPO Policy

The government of Ghana in 2019/2020 developed the maiden “Directives for the Management of NPOs Operations in Ghana” and National NPO Policy. These documents provide a framework for the FATF defined NPOs to develop robust policies that align with national development goals and legal requirements. The Policy established NPOS which licences and monitors NPO activities in Ghana. Additionally, NPOS together with UNODC have developed a risk based supervisory manual to aid off-sight and on-sight monitoring.

Scope of Registration of FATF NPOs

NPOs in Ghana are required to register as companies limited by guarantee under Act 992 with ORC and also obtain licences from NPOS. This dual registration ensures comprehensive oversight and compliance with international standards.

Availability and Accessibility of Accurate NPO information

NPOS maintains a database of all licenced NPOs in the country enhancing accessibility of accurate information. This initiative fosters public trust and ensures that stakeholders can verify the legitimacy and compliance status of NPOs operating in the country.

Avoiding Disruption of NPO activities

The monitoring mechanism seeks to balance oversight with operational autonomy of NPOs. By providing clear guidelines and support through NPOS, the government seeks to prevent unnecessary disruptions while ensuring that NPOs adhere to both domestic and international standards.

NPO Measures

Governance Structure

Act 992 requires NPOs to establish governance structures with clear mandate, mission statement and constitutions which outline their purpose, objectives and operational guidelines. This foundational governance framework is essential for maintaining effective management and accountability.

Financial Management

The “Directives for the Management of NPOs Operations in Ghana” mandates NPOs to maintain transparent financial records and submit annual reports, including audited financial statements to NPOS. This practice ensures financial integrity and accountability, deterring potential misuse of funds for TF activities.

Project Management

FATF defined NPOs are required to conduct thorough risk assessments to identify potential vulnerabilities related to TF within their projects and operations. This includes evaluating the risk associated with the potential misuse of funds, identifying high-risk donors or beneficiaries and assessing activities that could inadvertently facilitate TF. Additionally, FATF defined NPOs must implement due diligence process to vet donors and beneficiaries. This involves verifying the identity of donors, understanding the source of funds, assessing the legitimacy of donations and ensuring that beneficiaries are legitimate.

Staff Vetting and Oversight

NPOs are required to vet their staff, volunteers and board members to prevent potential exploitation by malicious actors. Some NPOs conduct these checks with assistance from the NPOS.

Ethics and Transparency

NPOs Directive which emphasises on transparency and accountability within the NPO sector reflects a strong commitment to ethical operations. Additionally, NPOs are encouraged to prioritise ethical governance, not only strengthening their own credibility but also enhance donor confidence and public trust through transparency and accountability.

Self-Regulation (Including Implementation)

NPOs have initiated efforts to establish self-regulatory mechanisms to complement the oversight functions of NPOS. However, the current level of self-regulation among NPOs can be broadly categorised as moderate to low. This indicates a need for significant improvement to align with international best practices and enhance the sector's accountability, transparency and resilience to risks such as abuse for TF or other illicit activities. Strengthening self-regulation will require targeted capacity-building initiatives, the adoption of standardised codes of conduct and increased collaboration between NPOs and regulatory authorities.

Below is a table highlighting the adequacy of mitigation measures.

Vulnerability	Significance	Prevalence	Adequacy of mitigating measures
Humanitarian NPOs, CBOs, and FBOs are active in the Northern parts of the country which is vulnerable largely due to their proximity to the neighboring countries along the northern borders facing various forms of significant terrorism and terrorism financing risks.	High	Medium	Mostly adequate
NPOs operating in medium to high-risk areas, whose activities includes the movement of goods.	Medium	Low	Largely adequate
NPO raising, moving, and disbursing funds through cash.	Medium-high	Medium	Mostly adequate
'Service provision' NPOs (food, health care, water, shelter, medical supplies, education, social services, relief services) operating in medium high-risk areas mentioned above.	Medium-high	Medium Low	Mostly adequate
NPOs that engage vendors or third parties in medium to high-risk areas	Medium	Low	Mostly adequate
Establishing an NPO to support terrorist activity	High	Low	Mostly adequate
NPO used as a conduit to channel foreign funds to terrorist groups in Africa	Medium-high	Low	Mostly adequate
NPOs using the Internet and online media for fundraising, recruitment, and propaganda	medium	Low	Somewhat adequate
NPO using multiple bank accounts	Medium-high	Medium Low	Adequate

This assessment revealed that there is a commitment by the government, NPOS, LEAs, FIC, NPOs and other stakeholders to ensure that the NPO sector in Ghana is protected from TF abuse. Although there is a

commitment to this, there is the need to ensure a more targeted approach to mitigate the risk of the FATF defined NPOs being abused for TF.

Recommendations

To effectively address the issues identified, the following recommendations are proposed.

1. Expedite action on the enactment of NPO Act to ensure effective monitoring of the sector.
2. Enhance the capacity of NPOS. This can be achieved through increased funding, training and resources to monitor and enforce compliance effectively.
3. Encourage self-regulation within the NPO sector to support NPOS.
4. NPOS monitoring of the sector should be risk-based and should focus on FATF-defined NPOs as identified in this assessment.
5. NPOS must develop targeted monitoring policies for the FATF-defined NPOs based on their risk.
6. Policies and procedures governing the NPO sector should be reviewed and updated periodically to reflect changes to FATF Recommendations and evolving threats, ensuring the regulatory framework remains robust and responsive.
7. NPOS should develop and integrate a self-risk assessment matrix into the registration and annual renewal processes for NPOs to strengthen oversight.
8. Establish an NPO forum, at the district, regional and national levels to ensure that at high risk NPOs are adequately represented at each level for easy access and dissemination of information.

TERRORISM FINANCING

Introduction

Ghana is confronted with the threat of terrorism and terrorist financing (TF) owing to its proximity to countries such as Burkina Faso, Cote d'Ivoire and Togo which have seen increasing terrorist activity in recent years. Actors of these extremist groups are known to use neighboring regions for recruitment, training and logistics, due to porous borders which are often exploited and poorly managed.

In the 2024 Global Terrorism Index (GTI) report, Ghana was ranked 89th out of 163 countries around the world with an overall score value of 0.00 due to the absence of a terrorist attack. This has been so since the index started. The funding aspect of these activities are important links behind an act of terrorism that can have a significant consequence in supporting the achievement of the goals of the terrorists to conduct their actions.

FATF requires countries to include the financing of terrorism as a predicate crime for ML. Additionally, FATF Recommendation 1 requires countries to identify, access and understand their TF risk and take actions including designating an authority or mechanism to coordinate actions to assess risk and apply resources aimed at ensuring that the risks are mitigated effectively.

In view of the above, this assessment seeks to analyse TF threats, vulnerabilities and its impact in the country and develop mitigating measures and policies to combat the identified risk as well as exercise an efficient prioritisation and allocation of resources.

Terrorism Financing (TF)

TF refers to the act of raising, moving or distributing funds that are intended to be used for terrorist acts or to support terrorist organisations.

Legal and Regulatory Framework

In the context of Ghana, the legal and regulatory framework for combating TF aligns with international standards, particularly those established by the United Nations (UN) and FATF. Nonetheless, these conventions and treaties are shaped by the country's specific legal and institutional landscape.

International Commitments

Ghana has ratified several international conventions demonstrating its commitment in combating terrorism and its financing. These include;

1. United Nations Security Council Resolution (UNSCR) 1373 (2001) which requires countries to criminalise the financing of terrorism, freeze assets related to terrorism and deny safe haven to individuals or organisations involved in terrorist activities.
2. UN Convention on the Suppression of the Financing of Terrorism (1999) which requires countries to criminalise the act of providing financial support to terrorist organisations and individuals.

3. FATF Recommendations specifically Recommendation 5, which focuses on the criminalisation of TF. This recommendation emphasises the importance of freezing assets linked to terrorism and ensuring that FIs conduct due diligence to detect and report suspicious transactions.
4. Ghana is a member of the Egmont Group of Financial Intelligence Units, which allows for the sharing of financial intelligence across countries to detect and prevent TF.
5. Ghana has also signed several Mutual Legal Assistance Treaties (MLATs) with other countries and international organisations, enabling cooperation in the investigation and prosecution of TF.

Regional Cooperation

Ghana is part of Economic Community of West African States (ECOWAS), which fosters collaboration among West African countries in the fight against terrorism and TF. Ghana has taken proactive steps to foster regional cooperation through initiatives such as the Accra Initiative, which has facilitated a cross-border security operations referred to as “Operation Koudanlgou I, II & III”. These operations were jointly executed by Burkina Faso, Ghana and Togo to bolster security in border regions.

The government cooperates with regional bodies including ECOWAS and African Union (AU), to share information, investigate and prosecute cases of TF. Additionally, Ghana leverages on regional cooperation mechanisms, including International Criminal Police Organisation (INTERPOL), INTERPOL Operation Screen West Africa, West African Police Information System (WAPIS), Advanced Passenger Information System (APIS), International Centre for Migration Policy Development (ICMPD) and West Africa Network for Peacebuilding (WANEP) for early warning mechanism and to foster regional coordination of joint actions to prevent possible terrorism and TF activities.

Ghana also cooperates with other regional agencies such as Asset Recovery Interagency Network in West Africa (ARIN-WA) on matters related to recovery of assets from illicit activities.

National Framework

There exists robust legal and regulatory framework to combat TF which is aligned with international standards.

Act 762, as amended, and L.I. 2181 criminalise terrorist acts, including the financing of terrorism. It defines terrorism, provides for the prosecution of terrorism-related offences and establishes mechanisms for cooperation with other nations in investigating and prosecuting TF. It also covers the freezing and confiscating of assets and the prevention of funding for terrorist organizations.

Act 1044 focuses on combating ML but also has provisions for the prevention of TF by requiring FIs to maintain CDD and report suspicious activities.

Furthermore, Act 930, Act 929 and Act 1061 ensure that all FIs adhere to strict financial management protocols and AML/CFT/CPF measures. These Acts require compliance with CFT regulations, including KYC procedures and reporting suspicious transactions to FIC. Additionally, it mandates proper licencing and supervision, reducing the risk of these institutions being exploited for TF.

Act 992 enhances corporate transparency to prevent TF. It mandates the disclosure of BO, making it difficult for individuals or groups involved in terrorism to hide behind shell companies. The Act also requires greater transparency in company structures, helping to detect misuse of illicit activities.

Institutional Framework

Government has empowered the National Security Council Secretariat (NSCS) and established other specialised units to combat terrorism and related threats. The development of the National Framework for Preventing and Countering Violent Extremism and Terrorism (NAFPCVET) in Ghana forms the basis to produce detailed and comprehensive national, regional, district, community and institutional action plans for the prevention and countering of violent extremism and terrorism in Ghana. It is built on four pillars, each with clearly defined objectives for the short, medium and long term. Pillar 1 – Preventing the root causes of terrorism, reducing vulnerabilities and fostering resilience; Pillar 2 - Pre-empting by detecting and deterring potential threats; Pillar 3 - Protecting critical infrastructure and public spaces; Pillar 4 -Responding and ensuring effective recovery from terrorist incidents. With the support of international partners, capacity-building initiatives have been launched to tackle the growing concern of violent extremism along the northern, eastern and western borders of Ghana.

In January 2020, Ghana officially inaugurated the Fusion Centre to foster interagency collaboration by coordinating the operations and communications among the country's security agencies to maximize their ability to fight terrorism and TF activities.

Furthermore, the Ministry of Foreign Affairs and Regional Integration (MFARI) is responsible for receiving information and updates sent by the UNSC on the lists of persons, groups, companies or entities designated by the UNSC Committees established under resolutions 1267(1999), 1989 (2011), 1373(2001), 1718(2006), 1737(2006), and 2253 (2015). This list is shared with other competent authorities including FIC for immediate action. Als are mandated to freeze without delay all accounts, assets and funds associated with the designated individuals or entities.

Additionally, LECOB, a sub-committee of the IMC is responsible for coordinating all matters relating to targeted financial sanctions on TF.

Threats of Terrorism Financing

Despite Ghana's relative stability and security, the country remains vulnerable to various threats associated with TF. While it has not faced direct terrorist activity, its strategic location in the West African region, coupled with certain economic and social factors, creates an environment where terrorist groups and financiers may attempt to exploit the country's resources and financial systems.

The instability in the Sahel region, particularly in countries like Mali, Burkina Faso and Niger poses some level of TF threat to the country. In 2020, Burkina Faso saw an alarming rise in attacks by extremist groups like Al-Qaeda in the Islamic Maghreb (AQIM) and Islamic State of Iraq and Syria (ISIS) which resulted in mass displacement and the emergence of jihadist elements near Ghana's northern borders. These groups are known to exploit weaker countries to fund operations, move weapons and recruit fighters. Ghana's proximity to these regions makes it a potential target for cross-border TF.

In 2015, the West African Economic and Monetary Union (WAEMU), which includes Ghana, was identified as a region vulnerable to TF. Terrorist groups could exploit the country's sectors such as gold mining, cocoa and oil for illicit financial flows. While not a direct example of a terrorist attack, there are concerns about these industries being used to funnel money that could support terrorism, especially as these sectors are crucial to Ghana's economy.

Even though, Ghana has made strides in improving financial oversight, issues remain, particularly in the informal sector as terrorist groups can use informal networks to avoid detection.

Additionally, Ghana has a young and growing population, with over 40% of the population under the age of 25. This demography, especially in economically disadvantaged areas, could be at risk of radicalisation. The broader West African region has witnessed terrorist groups such as Boko Haram and Al-Shabaab targeting youth for recruitment. There is an element of risk where lack of job opportunities and the allure of radical ideologies can make vulnerable young people easy targets for recruitment into terrorist groups.

Furthermore, in recent years, Ghana has become the fastest growing mobile money market in Africa with an all-time high transaction value reaching GH¢3.0192 trillion as of December 31, 2024. Mobile money service has become a powerful tool for financial inclusion in Ghana, promising convenience and improved financial services. But the explosive digital financial landscape is coming along with cybersecurity challenges, as fraudsters may advance strategies to exploit the digital space. This also creates opportunities for terrorist groups to move money anonymously. Digital financial platforms can be exploited for ML, facilitating the flow of funds linked to terrorism.

Vulnerabilities Related to Terrorism Financing

Terrorist organisations often exploit various financial channels to fund their activities and understanding the vulnerabilities in these systems is crucial for preventing misuse. Below is a list of vulnerabilities that could potentially be exploited for TF in some identified sectors, products and services in Ghana.

Vulnerabilities Associated with New Payment Products and Services

One of the emerging vulnerabilities is related to the new payment products and services that have gained significant traction in the financial sector particularly banking and securities. The features of these new technologies make them attractive for ML/TF.

Virtual assets are designed to convey value online offering anonymity for the transfer of funds both at the user and transaction level and allow funds to be moved seamlessly. The features of this product and service make it susceptible to TF activities. The assessment revealed that virtual assets service providers (VASPs) are currently operating in Ghana providing services such as exchange, wallet management, custody and transfer of digital assets with little to no supervision. The country currently has no dedicated legal framework regulating the VASPs sector. However, the country has conducted a risk assessment of the sector and BoG in 2024 released a draft guideline on digital assets, aiming to establish a framework for the operations of VASPs in the country.

Vulnerability Associated with NPOs

According to FATF, NPOs can be misused in various ways or even become direct vehicles for taking advantage of their legal structure and the social good they promote. Both factors allow them to finance terrorist activities and/or hide the true purpose of integrating goods of illicit origin. The risk assessment identified FATF defined NPOs as NPOs involved in humanitarian and educational services as well as FBOs. Furthermore, the NPOs that were identified as most vulnerable to TF abuse are those operating along Ghana's northern borders with, Burkina Faso, northern parts of Cote d'Ivoire and Togo. From the assessment, it was identified that the following risk elements exist.

Terrorist organisations can exploit NPOs to recruit vulnerable individuals especially in marginalized communities. A press release from the National Security Coordinator in 2022 highlighted attempts by extremist groups in the Sahel to radicalise youth in northern Ghana by leveraging on religious, community and local organisations as recruitment channels. Some NPOs may unintentionally generate funds that end up supporting terrorist activities.

Additionally, some NPOs may divert funds meant for charitable purposes to support terrorist activities or extremist ideologies. The risk is particularly high in areas where humanitarian aid is frequently needed due to poverty and security challenges. Without strict financial oversight, funds meant for relief purposes could be misdirected.

Furthermore, NPOs may directly or indirectly support extremist ideologies either through leadership or aligning with organisations that have ties with terrorism as the increasing presence of extremist groups in the Sahel region raises concerns that NPOs in the identified communities in Ghana could establish relationships with these groups.

Vulnerabilities Associated with Unapproved Routes Along the Borders

Ghana's position in the sub-region surrounded by land borders present several vulnerabilities that can be exploited for TF. Unapproved routes along these corridors allow illicit funds to move undetected, which may enable criminal networks to raise funds to finance TF activities. Some specific vulnerabilities identified include smuggling and illicit trading, human trafficking for exploitation and ease of movement for foreign fighters.

Mitigating Measures

Legislation

Ghana has put in place robust legal frameworks aimed at criminalising TF and ensuring that these laws are comprehensive and effective. Specifically, Act 762, addresses the funding of terrorist activities. In addition, the country's commitment to international standards is reflected in the legal alignment with the UNSCR 1267 and 1373 which require the freezing of funds linked to terrorism.

Intelligence

The country has established dedicated intelligence units within the national security apparatus that are tasked with tracking and analysing potential TF activities. NSCS, CID of the GPS, EOCO, NIB and FIC work

to gather intelligence on TF-related activities. FIC collaborates with other foreign stakeholders including INTERPOL and Federal Bureau of Investigations (FBI) and other FIUs to share information. Continuous capacity building has enhanced the skills of staff of all relevant stakeholders in intelligence gathering, investigations and prosecutions related to TF activities.

TF-related Suspicious Transaction Reporting, Monitoring and Analysis

Als are required to conduct risk assessment of clients, risk profile clients, conduct CDD on clients, screen clients against UN sanction lists among others to ensure their systems are not used to finance terrorism. Additionally the whistleblower Act makes provision for an individual to report TF activities to FIC for immediate action. Over the period under review, the FIC did not receive any TF related STR. It also did not pick or receive intelligence from other sources to indicate any form of TF happening within the country.

Pursuant to section 38 of Act 1044, FIC is mandated to analyse and monitor STRs related to TF. FIC has a system for reporting and analysing STRs related to TF. FIC works closely with other LEAs and uses advanced analytical tools to assess the financial data and identify potential TF activities.

Adequacy of Resources

Ghana has made significant strides in establishing institutions focused on national security and intelligence gathering, which play a critical role in addressing TF. Key institutions include the NSCS, Fusion Center, FIC, Accra Initiative and Defence Intelligence (DI) Division within the military. These institutions have made significant investments in resources aimed at combating TF.

International Cooperation

Ghana actively engages in international legal assistance and information-sharing frameworks such as the Egmont Group and INTERPOL. The country has cooperated with international partners on TF cases by complying with requests for assistance from foreign jurisdictions. Ghana's participation in regional and international forums, such as the African Union and ECOWAS further strengthens its international cooperation efforts.

Awareness and Commitment in Fighting TF

Ghana has made strides in fostering awareness and demonstrating political commitment to the fight against TF. The "SEE SOMETHING, SAY SOMETHING" campaign is a notable example of the government's efforts to engage the public in the fight against TF. "Operation Home Shield" has also enhanced the capacity of security personnel to respond adequately to TF threat along the borders of Ghana.

Overall Risk of Terrorism Financing in Ghana

Based on the above analysis and taking into consideration the measures put in place to safeguard the jurisdiction from being used to raise, move or store funds for terrorism purposes, the overall TF risk is rated low. This is also consistent with the absence of several TF indicating factors including no TF related STR filled over the period. Indeed, there is no evidence of either an individual or entity implicated in any TF related activity over the period. Neither has there been designation of any individual or entity by UN Security Council or a third-party country directly or indirectly linked to Ghana. This notwithstanding,

Ghana continues to monitor the entire financial and non-financial space to ensure a sustained effort in safeguarding the jurisdiction from TF abuse.

Recommendations

To strengthen its defence against TF and ensure full compliance with international standards, Ghana can take the following steps:

1. Continuous education to the NPOs that fall under the FATF defined NPOs to ensure their understanding of their risk exposure to terrorist activities.
2. Regulators should ensure that AIs put in place effective CDD measures to ensure that new payment systems and services are not abused for TF purposes.
3. Improve security measures at entry and exit points, particularly along the conflict zones, to monitor and intercept the movement of illicit goods, weapons and funds that may be linked to TF. Also, investing in modern border control technologies and increasing the presence of customs officers can help mitigate these risks.

PROLIFERATION FINANCING (PF)

Proliferation Financing in the Context of Ghana

There have been no widely reported or documented cases specifically involving Ghana directly or indirectly in PF related to Weapons of Mass Destruction (WMD). Notwithstanding, Ghana has been proactive in strengthening its regulatory and legal frameworks to detect and combat such activities. Ghana's focus has been on aligning its AML/CFT/CPF measures with international standards and best practices, which also cover the risk of PF.

Internationally, Ghana has ratified key non-proliferation treaties including the treaty on the non-proliferation of nuclear weapons. Subsequently, Ghana enacted laws that prohibit the financing of proliferation of WMD. Act 1044 prohibits PF as well as ML, tax evasion and other unlawful activities. L.I. 2181 prohibits the facilitation, aiding or perpetration of act of terrorism or TF. Ghana has laws for the control and management of chemicals as stipulated in the Environmental and Agency Protection Act, 1994 (Act 490) and Pesticides Control and Management Act, 1996 (Act 528). These laws require permits to be able to import or export all chemicals as well as clearance certificates to clear them from the point of entry.

The risk level is determined by combining the identified threats and vulnerabilities. The formula used is:

Risk = Threat + Vulnerability

- High Risk: If both threats and vulnerabilities are high, the risk of PF is considered high. This scenario would require urgent action to mitigate the risk.
- Moderate Risk: If either threats or vulnerabilities are moderate and the other is low, the risk is moderate. This requires attention, but the situation is manageable with existing measures and improvements.
- Low Risk: If both threats and vulnerabilities are low, the risk is considered low, indicating that Ghana is less exposed to PF threats.

The matrix model provides a visual tool to assess how threats and vulnerabilities interact, helping to categorize the risk into specific areas. Threat is calculated by identifying and evaluating the external and internal factors that could lead to or enable PF activities. The calculation of threat involves a qualitative assessment of the likelihood and potential severity of different threat sources that could pose a risk to Ghana's financial systems. Vulnerability refers to the weaknesses or gaps in the country's financial systems, regulatory frameworks and enforcement mechanisms that could be exploited to facilitate PF.

The assessment focuses on six key indicators that affect Ghana's exposure to PF risks. Each indicator is assessed based on its likelihood and impact, resulting in a risk score which is categorized as low, medium or high.

Indicator	Likelihood (L)	Impact (I)
International Sanctions and Embargoes	x	x
Financial Transactions Linked to High-Risk Jurisdictions	x	x

Proliferation of Dual-Use Goods	x	x
Presence of Proliferation Financing Networks in Ghana	x	x
Non-Banking Financial Services (including remittances)	x	x
Investigation and Enforcement Actions in Ghana	x	x

Assessment of the Legal and Regulatory Framework Related to PF

Ghana's legal framework incorporates **UNSCRs** under **Chapter VII of the UN Charter**, and the FATF Recommendations which mandates the imposition of sanctions on individuals, entities and states involved in the proliferation of WMD. The country has aligned its domestic laws with international obligations, providing the necessary legal foundation for enforcing such sanctions.

Ghana has enacted several laws to address TF/PF. Act 1044 is a key piece of legislation that enables the government to implement sanctions related to PF. This Act requires AIs to monitor transactions and report suspicious activities to FIC, which is the authority responsible for overseeing compliance with these laws. Additionally, Act 842 and L.I. 2181 empower the government to freeze and impose sanctions against individuals and entities engaged in TF/PF.

Similarly, the Export and Import (Amendment) Act, 2000 (Act 585) helps regulate the movement of goods, including sensitive technologies and materials including dual-use goods that could be used in the development of WMDs.

In terms of competent authorities, Ghana relies on several institutions. FIC is at the forefront of monitoring compliance with sanctions related to PF. It works closely with all relevant regulatory bodies, Ministry of Finance, Ministry of Justice and Attorney Generals Department, MFARI, LEAs and Customs Division of GRA to ensure FIs and businesses comply with the regulations on the financing of proliferation of WMD. These authorities have the power to freeze assets, suspend financial transactions and prevent the transfer of goods linked to or suspected to be linked to proliferation or PF activities.

Penalties for non-compliance with these laws are also clearly defined. Individuals and entities found violating Act 1044 or Act 874, as amended, or L.I.2181 may face criminal charges, including imprisonment or significant fines. AIs that fail to comply with sanctions enforcement could face civil or criminal penalties and restrictions on their operations or fines.

Assessment of Financial Systems and the DNFBPs Related to Proliferation Financing (PF)

FIC in collaboration with the regulatory bodies have clear mandates to supervise and enforce compliance with AML/CFT/CPF. FIC is responsible for receiving and analysing suspicious transactions, issuing directives and coordinating with other LEAs in the fight against ML/TF/PF. Regulators conduct regular inspections of their institutions to ensure compliance with AML/CFT/CPF regulations.

Regulatory bodies also provide guidance on the implementation of risk-based approach measures to enable AIs effectively implement their obligations. AIs conduct KYC/CDD procedures to identify high-risk

customers and transactions. These institutions also monitor transactions for any suspicious activity linked to PF.

EDD is applied to high-risk customers, such as those linked to sensitive sectors like arms trading or dual-use goods or technologies. AIs are required to screen clients against the UN sanctions lists and conduct ongoing monitoring for suspicious activity. Additionally, AIs are encouraged to have well trained compliance officers who are responsible for identifying and reporting suspicious activities related to PF.

Assessment of the Enforcement Mechanisms Related to Proliferation Financing (PF)

Ghana has established mechanisms for asset freezing and suspension of transactions in compliance with international standards. FIC is mandated to freeze assets of individuals and entities involved in PF, based on UNSCR or designations. AIs are required to implement these measures promptly upon receiving notifications or alerts from FIC. Most AIs also have their screening tools which enable them to be able to screen customers against the UN sanctions list including that for PF. While the legal framework is in place, the efficiency of these actions relies on how swiftly enforcement authorities and AIs act when required. Timeliness in implementing asset freezing and suspension of transaction is essential to prevent funds from supporting proliferation activities.

Coordination and information sharing among competent authorities are essential for effectively combating PF. Ghana has improved inter-agency cooperation and there are formal and informal mechanisms for intelligence sharing, particularly when dealing with cross-border financial crimes.

Furthermore, Ghana actively collaborates with countries and international bodies, including UN, INTERPOL and regional organisations to track and investigate PF activities, particularly those that involve cross-border financial flows. Through participation in the Egmont Group of Financial Intelligence Units, Ghana exchanges critical intelligence with other countries.

Proliferation Financing Risk Analysis

The following indicators were used to analyse the existence or otherwise of PF cases in the country.

International Sanctions and Embargoes

A review of the UN Sanctions List from 2019 to 2023, indicates that there has been no mention of Ghanaian individuals or companies being directly sanctioned for PF-related activities. The list primarily targets individuals and entities in regions or countries with known links to such activities (e.g., North Korea, Iran and others). Similar to the UN Lists, the EU Sanctions List has not identified any Ghanaian individual(s) or entity(ies) for participating or facilitating proliferation or PF related offences between 2019 and 2023.

Financial Transactions Linked to High-Risk Jurisdictions

There were no reports indicating that Ghana had been directly or indirectly involved in financial transactions linked to high-risk jurisdictions in a manner that would specifically trigger sanctions or direct involvement in PF. Additionally, there is no evidence of involvement of Ghana in any sanctions evasion by countries or individuals designated by the UNSC in relation to Recommendation 7. However, due to the country's role

as a regional financial intermediary and the presence of informal financial systems, there is a low likelihood of indirect involvement.

Proliferation of Dual-Use Goods

In terms of proliferation of dual-use goods, Ghana is in a moderately low risk position due to its regulatory frameworks, international cooperation and legal measures to prevent the illicit trade of dual-use goods. Ghana aligns its national laws with international conventions to prevent the proliferation of dual-use goods. As a member of the UN, Ghana implements UNSCR 1540, requiring states to take measures to prevent the proliferation of WMD, including dual-use goods. Ghana strengthens its export control system to prevent the diversion of dual-use items to unauthorised destinations including strengthened customs inspection and cargo screening measures and guided delivery of such goods from points of entry to approved destinations.

Additionally, Ghana participates in international agreements that ensures the controlling of the export of conventional arms and dual-use goods. Through this cooperation, Ghana is positioned to share information about potential proliferation risks and helping to mitigate the risks of illicit trade in dual-use items.

Presence of Proliferation Financing Networks in Ghana

There is no record or evidence of known PF networks operating in Ghana nonetheless, it remains possible that Ghana could be used as a transit point or financial conduit for such activities due to its position as a regional trade hub and financial centre in West Africa. The impact of such networks, if present or detected, would be substantial, affecting not only Ghana's economic stability and international relations but also its regional security. Given the low likelihood of PF networks operating in Ghana (mainly through indirect channels like trade and informal financial networks) and the high impact that detection or involvement in PF activities would have, Ghana faces a low overall risk for PF.

Non-Banking Financial Institution Services (Including Remittances)

Ghana is a major recipient of remittances, with significant flows from countries like the U.S, U.K and Italy using both formal and informal channels. Informal financial services are hard to regulate and can be vulnerable to misuse for PF. The informal nature of remittance services increases the likelihood of IFFs passing through Ghana, potentially linked to PF activities through unregulated channels. The potential damage to Ghana's financial sector, regional security and international relations would be substantial if PF activities were discovered in the remittance or NBFIs sector. However adequate capacity is available within the law enforcement apparatus to effectively investigate and prosecute such occurrences. There is no evidence of remittances flowing into or from Ghana to individuals of jurisdiction under UN Security Council PF sanctions list. Overall, Ghana's NBFIs and remittance sector present a low PF risk.

Investigation and Enforcement Actions in Ghana

Ghana has made significant progress in enhancing its capacity to investigate and prosecute PF-related crimes, with FIC and LEAs showing improvement in tackling ML/TF/PF. However, challenges remain, including resource constraints, gaps in cross-border cooperation and the vulnerability of informal financial systems to misuse for PF. Continued efforts to improve investigative capacity, technological infrastructure and regional cooperation are crucial to strengthening Ghana's overall ability to combat PF risks.

Key Findings

1. Ghana's overall risk of PF is assessed as low.
2. There is no evidence of Ghana's direct or indirect involvement in PF sanctions evasion.
3. While Ghana has not been directly or indirectly targeted by international sanctions or identified as a primary hub for known PF networks, its role as a regional financial centre and trade hub, alongside the widespread use of informal financial systems, increases the potential for indirect involvement in PF activities.
4. There are adequate measures to ensure that individuals or jurisdictions designated by the UNSC do not use Ghana's jurisdiction in the evasion of any such sanctions.
5. Ghana's regulatory frameworks, adherence to international treaties for controlling dual-use goods and law enforcement capacity to investigate and prosecute PF cases are additional measures in place to safeguard the jurisdiction from PF abuse.

Recommendations

To effectively manage and mitigate the risk of PF, the following recommendations are proposed:

1. Enhance oversight of informal financial systems used for remittances by implementing more robust regulatory measures to ensure these systems are adequately monitored to prevent their possible misuse for PF including adherence to UNSC designations.
2. Provide adequate resources and technological tools to better detect and address PF-related activities. This includes enhancing the capacity of FIC, LEAs and other competent authorities on new methods of detecting and prosecuting PF crimes.
3. Continuous awareness creation programmes for all stakeholders including competent authorities, AIs and the general public to ensure better understanding of their responsibilities and potential risks related to PF fostering a culture of compliance and vigilance.

APPENDIX			
SECTOR	OVERALL RATING	INSTITUTION/PRODUCT/SERVICE	RATING
BANKING	Medium	Current Accounts	Medium High
		Savings Accounts	Medium
		Term/Fixed Deposits	Medium
		International Money Transfers	Medium
		Domestic Money Transfers	Medium Low
		Cash Collection Services	Medium
		Wealth Management/Private Banking	Medium High
		Foreign Currency Account	Medium
		Foreign Exchange Account	Medium
		NBFI Clearing Services	Low
		Electronic Banking	Medium
		Mobile Money Services	Low
		Digital Banking	Medium
		Loans and Advances	Medium Low
		Trade finance	Medium
		Mortgage loans	Medium Low
SECURITIES	Medium Low	Broker Dealers	Medium Low
		Fund Managers	Medium Low
		Investment Advisors	Medium High
INSURANCE	Low	Pure Protection Life Insurance Plans- excluding Single premium (non-group)	Medium Low
		Life Insurance Plans with Cash value and Investment / Savings Component excluding Single premium (non-group)	Medium Low
		Other Insurance Plans with Cash value and Investment / Savings Component excluding Single premium (Non-Group)	Low
		Single Premium Life Insurance Products (Group)	Medium Low
		Micro Insurance	Low

APPENDIX			
SECTOR	OVERALL RATING	INSTITUTION/PRODUCT/SERVICE	RATING
OFIs	Medium Low	RCBs	Medium low
		Forex Bureaux	Low
		PSPs & DEMIs	Medium low
		MMIs	Medium High
DNFBPs	Medium	Real Estate	Medium high
		Gaming	Medium
		Accountants	Low
		Dealers in Precious Metals and Stones	Medium High
		Lawyers	Medium
OTHER SECTORS OF IMPORTANCE		Second Hand Care Dealers	Medium High
		Cocoa Sector	Medium
		Hotel Industry	Medium low
FINANCIAL INCLUSION	Low		
LEGAL PERSONS AND LEGAL ARRANGEMENTS		ML Threat	Low
		ML Vulnerability	Low
NON-PROFIT ORGANISATION	Medium Low		
TERRORISM FINANCING	Low		
PROLIFERATION FINANCING	Low		
NATIONAL ML THREAT	Medium		
NATIONAL ML VULNERABILITY	Medium Low		
MONEY LAUNDERING	Medium		

