

BANK OF GHANA
PRESS RELEASE

**BORROWERS AND LENDERS BILL (2008) AND NON-BANK FINANCIAL
INSTITUTIONS BILL (2008) PASSED BY PARLIAMENT**

The Borrowers and Lenders Bill and the Non-Bank Financial Institutions Bill were passed by Parliament on November 7, 2008, for assent by the president.

The two bills are part of a comprehensive set of legislation and financial laws that are aimed at positioning the financial sector to promote and deliver financial services within a modern financial system infrastructure, which is built around a common electronic platform for payments and settlements on real time basis; and is a critical component of the overall growth strategy

- **The Borrowers and Lenders Bill** will strengthen the regulatory framework of the financial sector; ensure high level disclosure in creditor and borrower relations. It will give clarity to lending conditions and rights and obligations of lenders and borrowers, including respect for contracts and role of collateral. Together with the Credit Reporting Act passed last year and with the establishment of a credit reference bureau which is scheduled to begin operations next month, this legislation should serve to reduce information asymmetry, adverse selection within the credit system, and improve the quality of asset portfolio, reduce the cost of lending and interest rate spreads.
- **The Non-Bank Financial Institutions Bill** will provide a framework to promote effective prudential regulation and supervision of the wide range of non-bank financial institutions, put all financial institutions essentially on a level regulatory playing field; reduce the scope for regulatory arbitrage, and improve the efficiency of the credit system as a whole; including orderly functioning of microcredit institutions seeking to extend financial services to the non-bank segment of the population.

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