**Hello Readers!**

*Kind words can be short and easy to speak, but their echos are truly endless.* ~ Mother Teresa

Saying a simple “thank you for banking with us” and or “have a nice day” is all some customers love to hear when they walk into our banking halls to do business with us.

Remember we are not doing our customers a favour by serving them, instead, they are the reason we are still in business so let us be courteous and nice to them.

*Happy Reading!*
In the newspapers...

Fidelity Bank posts record profit...optimistic about 2016

Edward Ellis

Fidelity Bank has posted a lofty increase in profit in a year that has been fraught with economic challenges.

The bank, which is one of the leading banks in the country, reported a profit before tax of GH¢13.4 billion in 2015, up from GH¢6.3 billion in 2014, while earnings per share increased by 67 percent to GH¢0.65 in 2015.

The growth in assets was fuelled by strong growth in customer deposits, which increased by 45 percent to GH¢73.1 billion from GH¢50.6 billion in 2014. According to the bank, strong growth in customer deposits was expected to continue in 2016.

The bank has set aside a provision of GH¢2.1 billion for regulatory purposes, up from GH¢1.1 billion in 2014, which represented 21 percent of the total assets.

Fidelity Bank declares over €145 million after-tax profit

Source: Ghana | Joy Business | Kakuu Abban

Date: 20-04-2016 Time: 10:04:02 am

The bank has declared a profit after tax of €145 million, up from €81.3 million in 2014, which represented 41 percent of the total assets.

Fidelity Bank records massive gains in 2015

In 2015, the bank’s profit increased by 35 percent to GH¢6.3 billion, representing an increase of 82 percent from the GH¢3.5 billion recorded in 2014.

The bank’s profit margin improved from 16 percent in 2014 to 25 percent in 2015, which was attributed to the bank’s focus on improving margins and reducing costs.

Fidelity Bank has also announced plans to open a new branch in Accra to serve the growing population in the city.

In the News

Business

6.13% 21.0%

2015

2014

2013

Economic growth this year was robust, largely driven by the performance of the mining sector. The government has set a target of 6.13 percent economic growth for the year.

The government has also set a target of reducing the budget deficit to 21.0 percent of GDP, down from 24.5 percent in 2014.
In the News

Fidelity, Prudential launch innovative solutions

Fidelity Bank declares $9.0m after-tax profit

Fidelity posts record profit...optimistic about 2016

Fidelity Bank delivers stellar results

Indigenous bank, Fidelity bank has reported an impressive growth in 2015 despite economic downturn that affected the profitability of some banks in the country.

Related Story

Fidelity bank syndicates $100 million for VaR thermal plant complex

In 2015, the bank’s profit soared to $36.3 million, representing an increase of $17.2 from the $19.1 million recorded in 2014.

Addressing the 2016 Annual General Meeting, the Managing Director of Fidelity Bank said effective risk management, a major component of the bank’s strategy, contributed to the impressive growth.

*Overall, the bank had a very good year in 2015. The bank continued to meet the financial outcomes expected.

On the web...
Social Media Summary
April 1 - 30

Most Engaged Facebook Content

Most Liked
Take your trading to the next level. Get rich quick...
12942 Likes

Most Commented
The Fidelity Microfinance Semi-Secured loan offers...
100 Comments

Most Engaged Users
Take your trading to the next level. Get rich quick...
14130 Engaged Users

Most Shared
Take your trading to the next level. Get rich quick...
32 Shares
Let’s help our clients and families to protect themselves

Introduce them to our Bancassurance Products

FIDELITY BANK

Underwritten by PRUDENTIAL
Fidelity Bank Ghana Limited and Prudential Life Insurance Ghana have launched innovative insurance solutions to protect Ghanaians from life’s misfortunes.

The Hospital Cash Plan, which is the first of its kind in Ghana, provides financial support to customers who suffer some form of income loss due to hospitalization. Customers can pay about GHS15 per month to receive up to GHS100 per day after being hospitalized. Customers can also receive a 25 per cent refund when a claim is not made for two years.
The Farewell Plan provides protection against the financial pressures that come with funeral expenses following an unexpected death. The Farewell Plan comes in two options – Classic and Premier. Customers can pay as little as GHS20 per month to receive a lump sum of up to GHS15,000 for the Classic. Under the Premier Plan, customers can pay GHS300 per month to receive a lump sum of up to GHS50,000, which is the largest amount available in Ghana.

The launch of the plans follows the signing of an agreement between Fidelity Bank and Prudential in August last year. The partnership allows Fidelity Bank’s customers to buy Prudential’s products in almost 80 branches throughout Ghana.
Edward Effah, Chief Executive of Fidelity Bank, said: “We are delighted to launch the Farewell and Hospital Cash Plans with Prudential, one of the world’s leading life insurance companies. We are dedicated to helping our customers build better futures by offering innovative and affordable products that meet their needs. We look forward to working with Prudential over the coming years as we grow our insurance portfolio.”

Emmanuel Aryee, Chief Executive of Prudential Ghana, said: “Prudential is committed to helping people throughout Ghana protect themselves and their families from life’s misfortunes. We are leading the way with these products, particularly the Hospital Cash Plan, which is the first of its kind in Ghana. We are proud to partner with Fidelity Bank and we look forward to helping Fidelity’s customers plan for the future with our innovative products.”
FIDELITY BANK RECORDS PROFIT

Fidelity Bank has recorded an impressive performance for the year end 2015. The Bank declared an after TAX profit of over GHC 145 million, an unprecedented performance considering the economic challenges the country experienced in 2015.

The Bank declared a dividend per share of GHC1.27 pesewas as against 83 pesewas in 2014.
The total assets of the bank also grew by 36% to over GHC 4 billion. This increment according to the Management of the Bank was driven by strong growth in customer deposits which increased by 69% to GHC 3 billion.

Addressing the gathering, the Managing Director of Fidelity Bank, Mr. Edward Effah highlighted some of the causes for the impressive performance. “Overall, the bank had a very strong year in 2015, we were able to grow our business significantly and all the shareholders are very happy with the performance of the bank in 2015,” he stated.

Mr. Effah also indicated that the acquisition of ProCredit in 2015 also contributed to the bank’s increased profitability.

“The ProCredit branches that we acquired showed strong growth. In addition, our wholesale banking businesses enabled us to acquire new major accounts and customers which all helped us to build our balance sheet significantly.”
The chairman of the board of Directors of Fidelity Bank, Dr. William Pamford Bray described the future of the bank as bright and expressed optimism that the growth trajectory will continue in the coming years.

He however used the occasion to announce his decision to step down as the Chairman of the board of directors after 10 years of chairing the board of directors.
Fidelity Bank on 9th April held its 2016 annual Staff Durbar at the National theatre for Management to meet with staff to discuss

The event which had promised to be engaging, informative and fun did not disappoint as staff were. During the Q&A session, staff asked pertinent questions bordering their minds. It was even fun when staff who were able to answer questions correctly were given one cedi coin by their colleagues.

Participants of this year’s staff durbar were drawn from the Head Office, Accra/Tema Branches, Takoradi, Tarkwa, Cape Coast, Ho, Hohoe and Koforidua.

Staff enacted a skit to reinforce the new standard of serving clients across Fidelity Bank branches. A similar event will be held in

The occasion was also used to launch the Fidelity Culture awareness campaign dubbed “Live the Fidelity Way”
What’s Happenin’
Fidelity Bank, Ghana’s largest privately owned indigenous universal bank, in partnership with Europe’s award-winning Saxo Bank, has introduced a state-of-the-art financial platform, FAB Trader Go. Through this platform, Ghanaians can access a wealth of real time financial data, charts and exclusive tools to help keep up with investment opportunities on the global market.

The seminar, dubbed Invest In Yourself, is the first of many to be organized by Fidelity Bank to educate Ghanaians and expose them to the limitless global opportunities, through which they can make alternative income. This initiative by Fidelity Bank seeks to bridge the need gap between financial opportunities available in advanced economies and developing economies like that of Ghana’s.

In his opening address at the maiden event organized at Kempinski Hotel on the 28th April, the Deputy Managing
Director of Fidelity Bank, Mr. Jim Baiden, said, “We live in an inter-connected world: A slowdown in China, turbulence in Europe, political chaos in the United States, falls in banking stocks in Canada... all affect our day-to-day business one way or the other. Fidelity Bank now offers a platform that will help Ghanaians to protect their wealth through the global market, right here in Ghana.” Mr. Baiden revealed that Fidelity wants to champion the developmental agenda of this Country by creating the needed platforms to equip Ghanaians with such world-class opportunities.

In a comment, K Duker, a Non-Executive Director of Fidelity Bank, explained that Fidelity Bank has introduced this initiative as a means of offering more options to help Ghanaians reach their financial goals faster through technology. “It’s about time Ghanaians capitalize on the technology available to them to maximize opportunities for themselves to benefit from evolving market trends.” He added.

Investors in Ghana can now trade in FX, commodities, global equities, bonds and several other assets in real time. All the platforms are simple, reliable and customizable to deliver rich functionality. Whether you prefer to trade from a PC, tablet or Smartphone, with these platforms, you never need to miss another opportunity to trade.

In the next couple of weeks, a series of seminars, webinars and online training materials will be made available to Ghanaians who want to master the art of Forex Trading and determined to grow their wealth through such opportunities.
FIDELITY BANK CREATES PLATFORM FOR DIRECT SECURITIES TRADING

Fidelity Bank Ghana in partnership with Saxo Bank, based in Europe, have introduced a new investment channel to the Ghanaian financial market which allows individuals to electronically trade in international commodities, securities and bonds. The product known as ‘FAB Investing’ will be managed by a subsidiary of Fidelity Bank Ghana and is expected to empower Ghanaians to be able to trade directly on the global financial markets.

The Head of Wealth of Fidelity Asia Bank, Ms Mala Anand, said that the product would finally give Africans and Ghanaians a level playing field on the international financial markets. “This state of the art financial platform would offer investors and businessmen access to a wealth of real financial data, charts and exclusive tools to help them monitor financial markets real time” she added.

She further explained that the platform would also expose prospective investors to a world of trading opportunities of over 30,000 financial products. “There are many people in the country who do not even know such opportunities exist. What we are bringing on board with our free in depth training will help investors get direct access and knowledge to protect their investments and make their own money”, she noted.
How it works
Users are expected to sign on to the platform and they can take the decision to enroll and also have an initial capital to sign on and trade. The platform has been designed to be user friendly.
Ms Anand also assured customers that the 24-hour platform would not have issues with time zones of major trading markets around the world. “Fidelity Bank clients are fortunate that they can now get the same real time insights into the financial markets as their business competitors in Europe and United States”, she added.

FAB investing
Fidelity Asia Bank is a fully owned subsidiary of Fidelity Bank Ghana. FAB investing is the brokerage arm of Fidelity Asia Bank (FAB), a leader in the investment industry, and with the help of their top tier liquidity providers and innovative technology partners, had come out with the world class investing platform.
The FAB investing platform requires no discretionary advisor to manage accounts on behalf of people because, the platform gives the account holder so much transparency and power to make their own trading decisions.
Funding the account could be done with both the local or other major currencies by opening a collection account with the bank, while withdrawal could be done by sending an email.
Customers can open an account with a minimum amount of $100. - GB

PULL QUOTE
There are people in the country who do not even know such opportunities exist. What we are introducing today will help them get direct access and knowledge to protect their investments and make their own money.
News about hacks of various information systems around the world continue to make headlines every day, however it is important to note that in most of the cases, the attackers rely on the basics of security to strike – adherence to basic password controls, updating systems when needed and access rights management. Enjoy the extract below:

The theft of $81 million from Bangladesh Bank was “part of a wider and highly adaptive campaign targeting banks,” SWIFT is warning its 11,000 customers, saying that at least one Vietnamese bank was also breached by the same attackers. Attackers attempted to move $951 million out of Bangladesh Bank’s account at the New York Federal Reserve via SWIFT messages, and ultimately did transfer $100 million, only some of which has been recovered.

On May 10, representatives from SWIFT, which stands for the Society for Worldwide Interbank Financial Telecommunication, met with Bangladesh Bank and New York Fed officials met to discuss the attack and related investigations, and issued a joint statement pledging greater cooperation.

SWIFT says that hackers also targeted a second, unnamed Vietnamese bank using “a PDF reader used by the customer to check its statement messages.” SWIFT did not name the bank or the PDF reader software in question, or detailed whether attackers successfully stole any money.

In both bank attacks, “the attackers have exploited vulnerabilities in banks funds’ transfer initiation environments, prior to messages being sent over SWIFT,” the cooperative’s customer alert says. “The attackers have been able to bypass whatever primary risk controls the victims have in place, thereby being able to initiate the irrevocable funds transfer process. In a second step, they have found ways to tamper with the statements and confirmations that banks would sometimes use as secondary controls, thereby delaying the victims’ ability to recognize the fraud.”

How Banks Were Hacked
SWIFT’s customer alert says that in both attacks, hackers followed these four steps:

1. Attacker compromised the bank’s environment. The hackers gained access to Bangladesh Bank’s local network, which wasn’t too hard since the bank was using second-hand $10 switches. They found that the Swift servers were on that network, not separated from it by any kind of firewall.

2. Attacker obtain valid operator credentials that have the authority to create, approve and submit SWIFT messages from customers’ back-offices or from their local interfaces to the SWIFT network.

3. Attacker submit fraudulent messages by impersonating the operators from whom they stole the credentials.
4. Attackers hide evidence by removing some of the traces of the fraudulent messages.

5. The Sri Lanka bit was a failure. Bangladesh Bank recovered the $20 million transferred to that country and stopped further transactions after a typo in one of the messages led a routing bank to start asking questions.

SWIFT says the main purpose of the Trojanized PDF reader was to effect step number four. “The attackers clearly exhibit a deep and sophisticated knowledge of specific operational controls within the targeted banks - knowledge that may have been gained from malicious insiders or cyber attacks, or a combination of both,” SWIFT says.

In analysing the methods used by the attackers, it is important to note that the basic and the most common means of compromising networks include e-mail phishing-where infected documents are sent via email to unsuspecting victims who end up opening these documents and thereby compromising the entire network.

We are therefore being reminded of the need to:

1. Ensure that attachments are from the true source, and any suspicious mail should be immediately reported to the information Security team.

2. Physical security protocols must be observed at all times at all locations- No strangers/contractors/vendors must be allowed to connect to the bank’s networks (at branches, ATMs, offices) without the express clearance procedures and signoffs.

3. Avoid giving out passwords to anyone-This might sound like a broken record however unfortunately the little exercise we have carried out indicates that colleagues trust IT personnel and so easily give out passwords when IT staff are available to solve problems. Please note that IT guys already have passwords that give them elevated privileges on systems hence do not require your password at ANYTIME

4. IT should ensure that both software and hardware are duly upgraded, with the latest software patches running on all devices. Anyone using a computer which is still running on windows XP should immediately report to the Information Security Team.

5. Vigilance on the part of one single official at a bank saved $20 million from being fraudulently transferred by fraudsters. This would collapse our bank and we would all be out of work. It is important that we all endeavour to be meticulous in carrying out our duties to ensure that all little aberrations are duly identified and reported. This is because the fraudsters sometimes have in-depth knowledge of how these systems operate hence it takes extra due diligence to spot the difference.

Reference: www.Bankinfosecurity.com

Frank Teddy Donkor (CISA, CISM, ISO 27001, ITIL V3) IT Audit Manager Internal Audit
THE DATA PROTECTION ACT

The Data Protection Act, 2012 (Act 843) sets out the rules and principles governing the collection, use, disclosure and care for your personal data or information by a data controller or processor. It recognises a person’s right (data subject rights) to protect their personal data or information by mandating a data controller or processor to process (collect, use, disclose, erase, etc) such personal data or information in accordance with the individual’s rights. The Act also established the Data Protection Commission as an independent statutory body to ensure and enforce compliance.

The Act provides standard principles that must be complied with by all who process personal information across the country and beyond. The law applies to all forms of personal data or information stored on both electronic and nonelectronic platforms.

WHY IS DATA PROTECTION IMPORTANT?

There are several reasons for spending money, time, and effort on data protection. The primary one is minimizing financial loss, followed by compliance with regulatory requirements, maintaining high levels of productivity, and meeting customer expectations. As computers have become more and more integral to business operations, data requirements from regulators as well as from customers have been imposed on businesses to safeguard sensitive information in their care. Data is recognized as an important corporate asset that needs to be safeguarded. Loss of information can lead to direct financial losses, such as lost sales, fines, or monetary judgments. It can also cause indirect losses from the effects of a drop in investor confidence or customers fleeing to competitors. Worse yet, stolen or altered data can result in financial effects that are not known to the Bank until much later. At that point, less can be done about it, magnifying the negative results.

In 2010, a furious HSBC customer posted several graffiti signs outside the bank’s flagship London branches warning other customers and passersby of HSBC’s failure to keep his information private. This occurred after his private bank details were handed over to a disgruntled former employee of his. On three separate occasions HSBC allowed a sacked ex-manager of the client’s company to obtain copies of all three firms’ bank statements without question. The former employee, who is a minority shareholder in one of the businesses, had never been a bank signatory, had been given no authority to access these details, and had never been involved in company dealings with HSBC. Understandably, the customer pursued legal action. Not only did this result in a large payout, but it would have been particularly damaging to the Bank’s reputation causing them to lose business both new and old.

PRACTISING GOOD BUSINESS DATA PROTECTION

The first step to ensuring good business data protection is identify all data in the organisation and where it’s stored. You can then evaluate its sensitivity and decide what steps to take to comply with data protection rules. Here are some tips to ensure sensitive data is best protected:

- Store data securely. Control user access levels so only people who need access to that data can view and edit it.
- Keep data accurate and up to date. Maintaining outdated records can be as bad as having no data at all, so implement procedures for regularly reviewing and updating records.
- Don’t release data to the wrong people. For instance, run a security check before talking to customers about their accounts.
- Be wary when copying or transferring data. Ensure data is encrypted before sending it outside the Bank.

“A WORD TO THE WISE

“Compromising the security of our personal information can ultimately put our personal safety at risk.”
— Apple
Catch up on all the latest local & international economic news.
The global economy is facing major macroeconomic realignments which are affecting prospects differently across countries and regions. The realignments together with a host of noneconomic factors, including geopolitical tensions and political discord are generating substantial uncertainty. On the whole, they are consistent with a subdued outlook for the world economy for 2016. In the local economy, an uptick in investor sentiment, the launch of the TEN oilfields, the relative stability of the cedi and the waning of the electricity crisis will lead to an improvement in real GDP growth in Ghana in 2016 following two years of macroeconomic turmoil.

Inflation for the month of March jumped to 19.2% on the back of 15% increase in transport fares in February. We expect it to trend downward to 18.7%+/-0.2% in April barring any substantial increases in the prices of petroleum products. The currency market has also been stable with the cedi appreciating by about 1.4% against the United States dollars.

Interest rates were stable but trended upwards marginally at the short end of the money market especially for the 91-day bill. The interbank market also saw minor increases with the policy rate remaining the same at 26%. We expect rates to be stable around current levels in the month ahead. Overall, the key macroeconomic fundamentals have been stable since the beginning of the year signally better growth prospects this year compared to the previous year. However, significant risk stems from the key exports: cocoa, gold and oil as significant slowdown in global growth would rein in export earnings from these commodities impacting on economic growth.

This economic situation both internal and external has impact on the bank’s operating capacity and efforts. As a result, it is advised that the bank implement the strategies that will ensure minimal exposure to all forms of risks while seeking to take advantage of available opportunities.
Economic Developments

Global Economy

The baseline projection for global growth in 2016 is a modest 3.2%, broadly in line with last year, and a 0.2 percentage point downward revision relative to the January 2016 World Economic Outlook (WEO) Update of 3.4%. The recovery is projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalize. But uncertainty has increased, and risks of weaker growth scenarios are becoming more tangible. The fragile conjuncture increases the urgency of a broad-based policy response to raise growth and manage vulnerabilities.

It is worthy to note that major macroeconomic realignments are affecting prospects differentially across countries and regions. These include the slowdown and rebalancing in China; a further decline in commodity prices, especially for oil, with sizable redistributive consequences across sectors and countries; a related slowdown in investment and trade; and declining capital flows to emerging market and developing economies. These realignments together with a host of noneconomic factors, including geopolitical tensions and political discord are generating substantial uncertainty. On the whole, they are consistent with a subdued outlook for the world economy but risks of much weaker global growth have also risen.

Ghana Economic Growth

Revised GDP figures released by the Ghana Statistical Service on 27th of April 2016 showed a GDP growth of 3.9% for 2015 compared to 4.0% for 2014. Nominal GDP stood at Ghs 139.94 billion compared to Ghs 105.55 billion in 2014. In dollar terms the GDP stood at US$ 37.05 billion in 2015 compared to US$38.55 billion in 2014. GDP per capita on the other hand stood at Ghs 5,057 in 2015 with a dollar equivalent of US$1,339 (see Table 1). The Services sector recorded the highest growth of 5.7%, followed by Agriculture 2.4% and the Industry sector with a growth of 1.2%.

Services remain the largest sector. Its share of GDP increased from 51.9% in 2014 to 54.4% in 2015. The sector’s growth rate also increased from 5.6% in 2014 to 5.7% in 2015. Two of the subsectors in this sector recorded double digit growth rates. These were the Health & Social Work subsector (15.5%) and the Information & Communication subsector (13.4%).

The Industry sector, with a share of 25.3%, experienced a marginal growth from 0.8% in 2014 to 1.2% in 2015. Of all the industrial activities, the Water and Sewerage subsector recorded the highest growth of 21.5% in 2015. The Oil & Gas subsector saw a drop from 4.5% in 2014 to 0.9% in 2015.

The Agriculture sector contracted from a growth of 4.6% in 2014 to 2.4% in 2015. Its share of GDP also decreased from 21.5% in 2014 to 20.3% in 2015. Crop production remains the largest activity, with a share of 15.7%. Cocoa production being a major subsector of the agriculture sector saw a negative growth of 1.4% in 2015 from 4.3% in 2014.

Table 1: Trends in GDP

<table>
<thead>
<tr>
<th>Sector</th>
<th>2015 Growth (G%)</th>
<th>2014 Growth (G%)</th>
<th>2015 Share of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>1.2</td>
<td>0.8</td>
<td>25.3</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2.4</td>
<td>4.6</td>
<td>20.3</td>
</tr>
<tr>
<td>Services</td>
<td>5.7</td>
<td>5.6</td>
<td>54.4</td>
</tr>
</tbody>
</table>

Table 1: Ghana Statistical Service (GSS)
Growth Outlook

An uptick in investor sentiment, the launch of the TEN oilfields, and the relative stability of the cedi and the waning of the electricity crisis will lead to an improvement in real GDP growth in Ghana in 2016 following two years of macroeconomic turmoil.

The outlook in 2016 is far brighter as the government, under the guidance of the IMF programme it entered into in 2015, has strived to rein in its fiscal deficit, and the currency has stabilised following a highly volatile two years over the course of which it lost about 60% of its value. Investor sentiment is improving as a result; while Q115 data show that direct investment into Ghana was down by 47.9% y-o-y, this had improved in the two subsequent quarters, and in Q315 it was up by 29.8% y-o-y.

While in nominal terms the continued weakness in global oil prices will dent the current account and government fiscal revenues, in real terms the launch of the TEN oilfields will provide a significant boost to growth when they start producing oil in August this year.

Furthermore, we have seen a tremendous improvement in the electricity supply since the beginning of the year thanks to the arrival of two power barges from Turkey, a boost to hydropower in future from the upcoming rainfall season and a slight increase in gas generation. Ongoing and target-hitting investment in the sector will facilitate the rapid growth we expect in electricity consumption, and in the near term the outlook is brighter than it has been over the past two years. By the end of the year, we expect economic growth to be around 4.5%. (BMI estimate growth in 2016 at 4.9%).

Fiscal Policy

The Ghanaian government is implementing some difficult reforms in 2016 that will help it to bring in the budget deficit even while the global price of oil – on which the government is becoming increasingly reliant for revenues – is looking extremely weak. The new tax measures being implemented will see the deficit continue to decline over the next several years, so long as the government stands its ground – particularly as the November 2016 presidential elections approach.

For 2016, the government is projecting overall budget deficit (cash) of Ghs 8.45 billion (5.3% of GDP) with a projected revenue of Ghs 38.0 billion (24% of GDP) and a projected expenditure including arrears & clearance of Ghs 41.9 billion (29.3%). For 2017 and 2018, government has projected a budget deficit (cash) of Ghs 7.0 billion (3.7% of GDP) and Ghs 6.2 billion (3.0% of GDP) respectively.

On the expenditure side of the fiscal equation, the Ghanaian government remains committed to curbing its spending in order to comply with the IMF programme it entered into in April 2015. Although Ghana might narrowly miss targets, we believe that this will be as a result of challenging external conditions rather than profligacy.

In the most recent IMF assessment, the authorities were praised for remaining within the budget for the wage bill, although higher-than-budgeted expenditure on deferred wages, arrears and capital expenditure did lead to a moderate overspend over the January to August 2015 period. As the 2016 elections approach, investors will be concerned that there will be a repetition of 2012, when a massive public sector pay boost prior to the presidential elections saw expenditure on wages rise nearly 60%, arguably the root cause of many of the country’s subsequent macroeconomic challenges. Indeed, this has been a major point of discussion in the country, and pressure is already mounting on the government, as public sector workers have been marching in protest over tax hikes in January and demanding a 50% increase in salary in order to cushion them. Despite this, we contend that the
The cedi was relatively stable against the major currencies for the month of April 2016. The cedi appreciated by 1.4% and 0.9% against the dollar and the Euro and depreciated slightly by 0.3% against the pound. Year to date 29th April, the cedi has appreciated by 0.3% and 1.5% against the USD and the GBP respectively. It however depreciated against the EURO by 4.6%. 

Interest rates

Interest rates on the money market continue to be stable but high around year end 2015 levels for the month of April. The government of Ghana 91-day Treasury bill as at the end of April stood at 22.77% up marginally compared to about 22.66% at the end of the March 2016. The 182-day Treasury bill on the other hand was 24.62% in April almost the same at 24.63% in March 2016. The monetary policy rate remained at 26% while interbank market rates ranged between 25.41% and 25.47% averaging at 25.43%. At the end of the month, the interbank rate stood at 25.47%. Rates are expected to remain stable around the current levels with minor decreases on the short-term government bill as the government seeks to correct the yield curve by substituting borrowings on the short-terms market with longer-term.

Furthermore, we expect the Bank of Ghana to maintain the policy rate through the first half of 2016, but slowing price growth will enable the bank to begin a normalization of monetary policy in the second half of the year.

We expect inflation to fall to 18.7% +/-0.2% in April and further to 17.7% +/-0.2% by the end of the second quarter. This is predicted on the back of the tight monetary policies coupled with the fiscal discipline by on the part of central government.

Currency

The cedi was relatively stable against the major currencies for the month of April 2016. The cedi appreciated by 1.4% and 0.9% against the dollar and the Euro and depreciated slightly by 0.3% against the pound. Year to date 29th April, the cedi has appreciated by 0.3% and 1.5% against the USD and the GBP respectively. It however depreciated against the EURO by 4.6%.
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As at the end of the April, the cedi was trading at Ghs 3.7829/3.7867, Ghs 5.5310/5.5384 and Ghs 4.3285/4.3313 per the USD, GBP and EUR respectively on the interbank market.

Table 2: Depreciation (%)

<table>
<thead>
<tr>
<th></th>
<th>Jan-16</th>
<th>Feb-16</th>
<th>Mar-16</th>
<th>Apr-16</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>-0.9%</td>
<td>-1.2%</td>
<td>1.1%</td>
<td>1.4%</td>
<td>0.3%</td>
</tr>
<tr>
<td>GBP</td>
<td>2.2%</td>
<td>2.0%</td>
<td>-2.3%</td>
<td>-0.3%</td>
<td>1.5%</td>
</tr>
<tr>
<td>EUR</td>
<td>-1.2%</td>
<td>-0.9%</td>
<td>-3.5%</td>
<td>0.9%</td>
<td>-4.6%</td>
</tr>
</tbody>
</table>

Source: Bank of Ghana/ FBG Research

Overall, the key macroeconomic fundamentals have been stable since the beginning of the year signally better growth prospects for the year compared to the previous year. However, significant risk stems from the key exports: cocoa, gold and oil. Although we believe long-term demand will remain robust, a significant slowdown in global growth would rein in Ghana’s export earnings and their consequent ability to drive economic expansion. Infrastructure is a further key risk. Furthermore, there are fears of government over spending during the upcoming general elections. If this occurs debt levels will rise which will affect both business and consumer sentiments negatively.

Public Borrowing
In the month of April, the government issued Ghs 2,719mn, Ghs 1,051mn and Ghs 57 mn worth of 91-day, 182-day and 1-year bills/notes respectively (see Table 3). In all, a total of Ghs 4,958 mn of government bills and notes were issued. The government budgeted a targeted borrowing of Ghs 4,920 mn resulting in a Ghs38 mn above the targeted borrowings for the month.

Table 3: Bids Accepted for GoG Bills (April-16)

<table>
<thead>
<tr>
<th>Date</th>
<th>91 days</th>
<th>182 days</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/1/2016</td>
<td>421</td>
<td>510</td>
<td>31</td>
<td>165</td>
<td>250</td>
<td>2,151</td>
</tr>
<tr>
<td>4/7/2016</td>
<td>261</td>
<td>356</td>
<td>85</td>
<td>192</td>
<td>240</td>
<td>1,079</td>
</tr>
<tr>
<td>4/12/2016</td>
<td>700</td>
<td>956</td>
<td>38</td>
<td>126</td>
<td>180</td>
<td>2,035</td>
</tr>
<tr>
<td>4/25/2016</td>
<td>477</td>
<td>163</td>
<td>15</td>
<td>41</td>
<td>145</td>
<td>1,000</td>
</tr>
<tr>
<td>4/29/2016</td>
<td>741</td>
<td>129</td>
<td>16</td>
<td>78</td>
<td>110</td>
<td>1,165</td>
</tr>
<tr>
<td>Total</td>
<td>2,719</td>
<td>1,051</td>
<td>112</td>
<td>413</td>
<td>475</td>
<td>4,958</td>
</tr>
</tbody>
</table>

Source: Bank of Ghana/Fidelity Research Database

The impressive performance of the price of Gold on the international commodities market from the beginning of the year continued in the month of April. This performance has been attributed to investors search for safe heaven as a result of weaker economic conditions globally. In the month of April, the maximum price of gold stood at US$1,292/oz whereas the minimum price was US$1,214/oz, bringing the average price of gold for the month to US$1,243/oz.

As at the end of the month gold was trading at US$1,292/oz.
Looking ahead, Gold prices are expected to continue its favourable performance since the beginning of 2016. Gold futures extended gains on the back of favourable Federal Reserve’s monetary policy statement. Many in the market anticipate the pace of rate hikes to be gradual amid concerns over global economic growth and divergent monetary policies between the U.S. and other nations. Gold for June delivery on the Comex division of the New York Mercantile Exchange tacked on $6.85, or 0.55%, to trade at $1,250.30/oz.

This is boosted by a softer dollar and weak U.S. economic data as well as the upcoming U.K. referendum on leaving the EU—often referred to as Brexit. Prices of the yellow metal are up nearly 17% so far this year as expectations faded that the Fed would move to normalize interest rates due to fears over a China-led global economic slowdown. A gradual path to higher rates is seen as less of a threat to gold prices than a swift series of increases. In the month ahead we expect Gold to be a little above the psychological level of US$1,200/oz with the potential to reach US$1,300/oz by the end of the year.

Oil prices hit its highest level of 2016 during the month under review, driven by a falling dollar and evidence of declining U.S. supply. There is however uncertainty about the continues rallying of oil prices after data showed that U.S. oil supplies rose to an all-time high in the course of the month of April, underlining concerns over a supply glut. The U.S. Energy Information Administration said in its weekly report the third week of April that crude oil inventories rose by 2.0 million barrels to a record-high of 540.6 million barrels. Furthermore, the prospect of an agreement among the world’s largest exporters to limit production, which had provided the catalyst for a 55 percent rally since mid-February, evaporated almost two weeks ago when a meeting between OPEC members and their non-OPEC counterparts ended in stalemate.

Therefore, price direction over the next month will depend on demand and supply factors as to whether there will be the full implementation of the output freeze by the major producer as hinted. We therefore expect crude prices to average around the current levels of US$45/bbl. Based on the above; we maintain our year-end forecast price of US$50.83/bbl for WTI crude oil.
Cocoa

Cocoa started the month with a price of US$2,960/ton to close the month at US$3,223/ton with an average price of US$3,071/ton. Over the month, it recorded the highest price of US$3,223/ton and the lowest price of US$2,927/ton up by 6.6% in the month under review.

Fig 10: Cocoa

Source: ICCO

Looking ahead, cocoa futures hit a fresh 2016 highs, after Asian grinders reported higher-than-expected volumes. Asian cocoa grinding was up 2.9% in the first three months of 2016, compared to the same time last year, according to data from the Cocoa Association of Asia (CAA).

Grinding, which is treated as a proxy for consumer demand, came in at 148,911 tonnes. This was better than market expectations, which pointed to an increase of around 1%.

But markets were uncertain whether that increase represented a real uptick in demand, or simply a shifting of volumes away from Indonesia, the top-ranked grinder. July cocoa futures in New York were up 1.4% at US$3,151/ton, their highest level since the start of the year with cocoa futures rallying some 10% since early April. However, most analyst believe that uptick in price is primarily due to “disappointing” cocoa arrivals in the Ivory Coast which is down by 7% year on year. Therefore most analysts are of the view that the direction of price will depend largely on arrivals as to whether they are going to keep decelerating or stabilise in the month ahead. Therefore we expect this situation to support prices above US$3,100/ton.

The above developments in the macro economy has significant impact on Universal banking business as it affects the level of deposits, cost of operation and the quality of assets of the banks.

Operating cost
As stated earlier, higher utility and general prices levels results in higher operating cost. As a result, efforts are to be directed in making savings in all aspects of the bank’s operations with specific emphasis on ensuring efficient electricity consumption bank wide to minimise cost of operations.

Cost of Funds

We have seen marginal but gradual increases in interest rates on the short end of the money market. This we believe is insignificant to impact negatively on the cost of funds of the bank. Relationship managers and officers should acknowledge the increases in rates in the reprising negotiations of assets to enhance revenue and minimise its impact on cost of funds.

Ability to Service Loans
The improvement in the supply of energy which has boosted the production of goods and services of businesses and organisations has come at a huge cost as a result of the increase in utility tariffs in December last year. Most managers of businesses have lamented on its impact on their operations and production and its consequences on their button line. This we believe to some extent can affect our customers especially our commercial banking clients’ ability to service their loans thus resulting in bad loans. We therefore recommend stringent monitoring by RMs to minimise its outcome on the business of the bank.
Cheap Deposit Mobilisation
Furthermore, the cost of utility tariffs couple with other expenses we believe is having a major toll on the disposable income of our consumer banking customers and profits of our corporate and commercial banking customers. This tends to reduce their marginal propensity to save as they need to make available some income for savings into consumption. Consequently, mobilising cheap deposits from the consumer banking segment of the market tends to be affected.

The global economy continues to be subdued amid a modest 3.2% growth projection for 2016. Recovery is however projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalize.

On the domestic front, revised figures by the GSS put growth at 3.9% mainly due to the prolong energy crisis for the whole of 2015. However, the first four months of 2016 have seen tremendous increase and steady supply of power to support both private and public sector activities and with steady progress in macroeconomic stability under an IMF programme if sustained will go a long way to boost growth in 2016.

Meanwhile, in the medium to long term, we forecast that per capita income will increase steadily, generating demand for a surfeit of services including banking, insurance and mortgages, as the financial services sector becomes more sophisticated. The expansion of the wider service sector will help to boost growth and cushion the economy from any potential shocks to cocoa, gold or oil export earnings.
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Fidelity Partners Airtel to launch Airtel Money Bosea

Operations Excellence week celebrations

and many more....