

Speech Delivered on CSD Launch

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By Professor Newman Kwadwo Kusi on Behalf of Hon. Dr. Kwabena Duffuor, Minister of Finance and Economic Planning on their Occasion Launching of the Central Securities Depository(Ghana) Limited.

- Chairman,
- Governor of the Bank of Ghana
- Deputy Governor
- Board of Directors,
- Bank Managers,
- Representatives of Financial Institutions,
- Friends from the Media,
- Invited Guests,
- Ladies and Gentlemen,

It is an honour and privilege for me to attend this august launching of the Central Securities Depository (Ghana) limited on behalf of the Hon. Minister of Finance and Economic Planning.

Today marks a very important milestone in the operation of the country's financial market system, particularly in government securities.

Mr Chairman, as we are all aware, investment is the key to economic growth and development of a country. But, investment cannot thrive in the absence of adequate capital. Therefore, governments all over the world are broadening their sources of capital to meet their investment requirements.

Globally, governments are raising funds through their financial markets to meet their budgetary expenditures. Government of Ghana has also identified government securities as one of the reliable mechanisms for raising capital to meet its growth and developmental needs.

Indeed, one of the ways that Government seeks to meet its long term development funding requirements is to encourage individuals and companies, both home and abroad, to invest in the financial market in the form of government securities. For this to succeed, investors would have to be assured of the safety of their investments, irrespective of their geographical location and political environment debt.

Mr Chairman, until the establishment of the Central Securities Depository, government issued securities in certified format, which tended to slow down the growth of the capital market. Also the system was characterised with loss of certificates, forgery, mutilation and theft of certificates. Indeed, the certificated format system posed serious challenge to the growth of the capital market and led to inefficiency in government debt management.

For this reason and in order for investors to have confidence in the Ghanaian capital market, the government dematerialised all its securities into a book entry format in 1997.

With the introduction of the Central Securities Depository system, all issued securities are recorded electronically in the name of the beneficiary owners. Electronic recording of issued securities has thus been achieved through the establishment of the Central Securities Depository system.

As some of you are aware, the establishment of the Central Securities Depository over the last six years has also led to more transparency in the operations of government securities market, thereby improving investor confidence and efficiency in government debt management. The central Securities Depository has also played a cardinal role in the hedging of the country's oil by offering custodial services in the hedging agreement processes, which has brought significant benefits to the nation.

The Central Securities Depository system has brought about a reduction of risk in the banking sector to the extent that banks can now use securities as collaterals to beef up their reserve requirements as demanded by the Bank of Ghana. The system has also improved trading activities in the secondary market through overnight transactions among banks; and brought efficiency in the auction processes, processing of maturity and interest payments on government securities.

Mr Chairman, through the support of the Central Securities Depository, Stanbic Bank of Ghana won the 2010 Global Custodian Award organised by the Association of Global Custodian, an umbrella organization of all depositories worldwide.

Indeed, Government recognises the Central Securities Depository as important machinery for ensuring efficiency and promoting accountability and transparency in the management of the country's capital market. It is in this regard that the Government approved the establishment of the Central Securities Depository Ghana Limited as an independent institution from the Bank of Ghana. We are here today to launch the CSD into that state of independence.

As government, our objective is to offer support to promote the development of the country's financial market activities. Central Securities Depository being a young company may encounter some challenges in its effort to grow to meet the global depository standards. I want to use this medium to encourage all stakeholders whose activities affect the growth and development of the Central Securities Depository to offer their support to ensure that the vision for which the CSD was established is realized.

Mr Chairman, in conclusion, permit me to emphasize that Government is pursuing an agenda to bring about a "Better Ghana" – changes that would improve the lives of the people of Ghana, advance the cause of democracy and new set of development challenges. Government would want to plan pledge its continuous commitment to ensuring that the country's financial market develops to become a beacon of excellence within the sub-region of African and beyond.