

REPUBLIC OF GHANA



MINISTRY OF FINANCE

TERMS OF REFERENCE

(CONSULTING SERVICES – INDIVIDUAL CONSULTING SELECTION)

Name of Project	Ghana Financial Sector Development Project
Loan No./Credit No./Grant No	IDA-63100
Project Number:	P161787
Assignment Title	Consultancy Services to Facilitate the Implementation of a full board Market Conduct Risk-Based Supervision for the Bank of Ghana
Reference No	GH-MOF-FSD-281660-CS-INDV

1. Background

The World Bank is financing the Ghana Financial Sector Development Project aimed at strengthening the financial sector and making financial services available to financial consumers and the public in general as well as to sustain the trust and confidence in the financial sector. The project is also to help regulators including the Bank of Ghana strengthen its oversight responsibilities for a stable financial sector.

As part of the project implementation, the Bank of Ghana, a project beneficiary is expected to implement a full board market conduct risk-based supervision regime to efficiently and effectively supervise the conduct of its licensed institutions, including banks and Specialized Deposit-Taking Institutions (SDIs), i.e. Microfinance Companies (MFCs), Rural and Community Banks (RCBs), Micro Credit Companies (MCCs), Financial Non-Governmental Organizations (FNGOs), Savings and Loan Companies (S&Ls), Finance Houses (FHs) and Credit Bureaus.

The Bank of Ghana's objective in this regard is in line with its mandate under section 3(2) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) to;

- develop appropriate Financial Consumer Protection measures to ensure that the interests of clients of the banks and SDIs are adequately protected; and
- deal with unlawful or improper practices of banks and SDIs.

The Bank of Ghana through its Financial Stability Department has executed this mandate through a compliance-based approach where regulated institutions are assessed based on their compliance with disclosure and transparency directives, redress mechanisms, prohibited conduct, data protection and fair treatment of customers. This approach has a broad objective of ensuring that Regulated Financial Institutions (RFIs) comply with applicable regulatory requirements to ensure that customers are fairly treated and their interest protected regardless of the overall conduct risks of the institutions.

The increasing customer base, limited regulatory resources, increased use of technology, surge in the introduction of new and sophisticated products and services, and aggressive competition among regulated institutions, have escalated Bank of Ghana's conduct supervisory challenges.

To facilitate the implementation of the risk-based supervision regime, the Bank of Ghana has developed a Market Conduct Risk-Based Supervision Framework in line with best practices and in addition to a number of consumer protection directives or guidelines issued for the banking sector.

The Bank of Ghana is therefore seeking a short-term service of a market conduct supervision expert to assist the Bank of Ghana transition from a compliance-based approach to a risk-based market conduct supervision approach.

2. Objective of the Consultancy

The objective of the consultancy is to assist the Bank of Ghana implement its Market Conduct Risk-Based Supervision Regime and recommend the best approach for implementation based on the objectives of its framework. The Consultant will be expected to collaborate with the Market Conduct Office of the Financial Stability Department of the Bank of Ghana (MCO) to execute this assignment.

The primary objective of this assignment is to:

- a. Review the Bank of Ghana’s Compliance-Based Market Conduct Supervision Framework and recommend the best implementation approach to transform it to Risk-Based Market Conduct Supervision Framework.
- b. Review (i.e. identification of current workflows, potential gaps and inefficiencies in the processes, as well as recommendations for improvements); and provide the Bank of Ghana with a diagnosis of its current processes for undertaking Market Conduct Supervision.
- c. Develop a supervision manual based on the Bank of Ghana’s Market Conduct Risk-Based Supervision Framework and best practices.
- d. Identify the training needs of staff of the Market Conduct Office and recommend appropriate training programs to fill identified gaps.
- e. Identify and recommend the best approach on how Market Conduct Supervision outcome feeds into and receives inputs from other supervisory activities undertaken by prudential supervision departments.

3. Methodology

The Consultant will work in close collaboration with the Bank of Ghana in order to get a better understanding of: (i) the context of the assignment, (ii) handling and management workflows, as well as gaps, inefficiencies and needs for improvements, (iii) the Bank of Ghana’s Market Conduct Risk-based Supervision Framework. (iv) the expected outputs/ deliverables.

The Consultant will be expected to use desk reviews, interviews with MCO staff and relevant stakeholders (including other supervisory departments and regulated institutions) to understand the current regulatory and supervisory regime.

The Consultant will also be expected to adopt a practical approach to implementing recommendations including participating in onsite and offsite examinations for the purpose of building the capacity of staff of the Bank of Ghana.

4. Scope of work

The Consultant will be required to undertake the following activities:

- i. Review the Bank of Ghana’s current Market Conduct Supervision Framework and Approach

- and make recommendations for improvement and effective implementation;
- ii. Draft a workplan presenting main workstreams to be undertaken by BoG and consultant, considering activities, deliverables, timing, and leaders in charge.
 - iii. Support Market Conduct Operations staff to develop a comprehensive and detailed onsite and offsite examination manual¹ based on the risk-based supervision framework. This should include a detailed approach to identify and assessing conduct risk and assessing the quality of risk management practices of regulated institutions.
 - iv. Identify gaps and inefficiencies in the Bank of Ghana's market conduct oversight and provide recommendations on how current workflows can be improved.
 - v. Assess and identify data needs for effective implementation of the regime. This should include recommendations for additional returns to be submitted by regulated institutions.
 - vi. Identify the scope for carrying out a comprehensive, coordinated and sustainable market conduct supervision, taking into consideration the objective of the risk-based supervision regime.
 - vii. Make recommendations and provide a practical approach to integrating conduct supervision with prudential supervision.
 - viii. Facilitate study tours to two countries with very well developed market conduct supervision regime.
 - ix. Undertake desk reviews, interviews with relevant stakeholders and any other relevant procedures deemed fit.
 - x. Assess the adequacy of the current Bank of Ghana consumer protection Directives, Guidelines, Rules, Notices, etc and provide recommendations on addressing identified gaps.
 - xi. Identify capacity building needs faced by the Market Conduct Office and provide detailed recommendations and training plan on how to address the main deficiencies/constraints that would enable effective implementation of the regime.
 - xii. In making any recommendations, explicitly indicate changes or improvements required and propose action plan for all respective recommendations.

5. Duration, Deliverables, Timeline, and Payment schedule

¹ By onsite and offsite, we mean a market monitoring process, a risk assessment methodology including prioritization criteria for supervisory cycle planning and a set of supervisory offsite and onsite inspections

The assignment is estimated to be completed within 9 months.

Deliverables, Timeline, and payment

Expected Deliverables

Deliverables	No of Copies²	Period after commencement	Payment (%)
An inception report detailing the Consultant's understanding of the assignment based on discussions with Market Conduct Office, including methodology to be applied, likely outcomes / outputs and preliminary findings and work plan.	1	Two (2) weeks after signing of contract	20% of contract fee after acceptance of inception report
Report on all assessments carried out including needs assessments and technical reports of existing frameworks	1	Eight (8) weeks after signing of contract	20% of Contract fee after acceptance of report
Draft implementation plan and approach to implementing recommendations of all reviews.	1	Sixteen (16) weeks after signing of contract	
Draft Supervision manual based on risk-based supervision framework, recommendations for additional returns to be submitted by regulated institutions, and recommendations to address gaps of current consumer protection directives, guidelines, etc..	1	Twenty (20) weeks after signing of contract	30% of Contract fee after acceptance of report

² Consultant is to provide one hard copy of reports for reference purpose and to email or deliver a soft copy to the Financial Stability Department with a copy to the Project Coordinator for distribution as necessary

Training plan and facilitation study visits to jurisdictions with well-organized MCO	1	Twenty Four (24) weeks after signing of contract	
Final Supervision manual and detailed process for assessment of risks and controls	1	Thirty Four(34) weeks after signing of contract	
Final Assignment completion report, summarizing all the deliverables and recommendations.	1	Thirty Six (36) weeks after signing of contract	30% of Contract fee after acceptance of Final report

6. Required Qualifications and Experience

The Consultant should possess a First Degree in Finance, Economics, Law, or any other relevant field and demonstrate:

- An excellent prior track record in undertaking similar assignments in other countries
- A good experience in executing assignments related to promoting financial consumer protection and market conduct.
- Good knowledge of all concepts of risk-based supervision approach.
- A working experience in the supervision and regulation of financial institutions would be an added advantage
- Excellent analytical and presentation skills while paying maximum attention to details and quality outputs.
- Minimum of five (5) years in the provision of consulting services in the financial sector and regulatory experience in similar country context
- An experience in conducting similar assignment
- Fluency and excellent communication in English, spoken and written.

7. Facilities to be provided by the client

The Client will provide an office space and ensure that the Consultant has access to the necessary information as may be legally allowed for the performance of the assignment.