

A practical guide to acquiring a PSP licence in Ghana



May 2022

Payment systems technology is fast gaining momentum in Ghana and the Bank of Ghana (“BoG”)’s efforts at ensuring the development of the financial technology (“Fintech”) industry have culminated in the establishment of the Fintech and Innovation Office; and the issuance of the first ever Dedicated Electronic Money Issuer licence to a local fintech company, Zeepay Ghana Limited in April 2020. Since then, BoG has issued a number of payment service provider (“PSP”)

licences to various fintech companies in Ghana, the most recent being Paystack Ghana in March 2022, thereby deepening the country’s financial inclusion and digital footprint.

This Alert highlights some of the key steps in acquiring a PSP licence from the Bank of Ghana.





What is a PSP?



A PSP is a company licensed or authorized by the BoG to provide services to facilitate the transfer of funds from a payer to a payee using payment instruments or electronic money.

Classification and Duration of PSP Licences



There are currently six (6) categories of PSP licences issued by the BoG: Dedicated Electronic Money Issuer (“**DEMI**”) licence, PSP (Scheme) licence, PSP (Enhanced) licence, PSP (Medium) licence, PSP (Standard) licence¹ and Payment and Financial Technology Service Provider licence (PFTSP). Each of the above-mentioned PSP licences is valid for five (5) years and any application for renewal must be made within six (6) months prior to expiry.

¹ Reserved for Ghanaians and wholly-owned Ghanaian entities.

Permissible Activities of the Various PSP Licences

A PSP licence restricts its holder to certain permissible activities as outlined below. Failure to operate within the ambit of the relevant permissible activities may result in the company being liable to a fine currently equivalent to between GHS 30,000 and GHS 60,000².

Licence	Permissible Activities
DEMI licence	Recruitment and management of agents; creation and management of wallets; peer-to-peer (P2P) on-net/off-net; cash-in and cash-out; wallet-based domestic money transfers including transfers to and from bank accounts; investments, savings, credit, insurance and pension products (only in partnership with banks and duly regulated institutions); mobile money merchant acquiring; and termination of inbound international money transfer.
PSP Scheme licence	Domestic card brand associations (e.g. Gh-Link); switching and routing of payment transactions and instructions.
PSP Enhanced licence	All permissible activities for PSP Medium licence; marketplace for financial services offered by duly regulated financial service providers; merchant acquiring and merchant aggregation; payment processing; printing and personalization of Europay, Mastercard and Visa (EMV) cards; inward international remittances services; provide 3rd party payment gateway services; and limited use closed-loop virtual cards.
PSP Medium licence	Connects to an Enhanced PSP licence to offer the following services: all permissible activities for PSP Standard licence; payment aggregation which is connected to Enhanced PSP; biller/merchant aggregation; point-of-sale (POS) deployment; printing of non-cash payment instruments e.g. cheques; and mobile payment apps (with liability shift on Enhanced PSP).
PSP Standard licence³	Connects to an Enhanced PSP to offer the following services: -Mobile payment apps (liability shift on PSP Enhanced).
Payment and Financial Technology Service Provider (PFTSP)	Digital product development, delivery and support services; credit scoring predictive analysis; AML/CFT centralised platform; fraud management services; and know-your-customer (KYC) and customer due diligence (CDD) authentication services. - Permitted to connect to DEMIs, PSPs, Banks and Financial Institutions.

² Per section 26 of the Payment Systems and Services Act, 2019 (Act 987) the fines are: a minimum of 2,500 penalty units and a maximum of 5,000 penalty units. One penalty unit is currently GHS 12.00.

³ See footnote 1

Application Process and Requirements

Applications for PSP licences are currently submitted electronically via BoG's Online Regulatory and Analytics Surveillance System (ORASS) portal and must be accompanied by certain documentation and evidence including the following:

Company Profile and Corporate Governance

Company registration documents from the Registrar-General's Department must be submitted, evidencing incorporation in Ghana under the Companies Act, 2019 (Act 992). The company is required to appoint a minimum of three (3) directors, at least two (2) of whom, including the CEO, must be Ghanaian residents. Shareholders and Directors must also satisfy certain eligibility criteria relating to, inter alia, solvency and, for directors, the BoG's fit and proper persons requirements.

Except in the case of a PSP Standard licence (which requires 100% Ghanaian ownership), at least thirty percent (30%) of a PSP's shares must be held by a Ghanaian. The constitution of DEMIs should include a provision that electronic money owed to the customers are held in trust and shall not be encumbered in case of insolvency or liquidation, and the business activity of applicants should read "Dedicated Electronic Money Issuer", "Payment Service Provider" or "Payment and Financial Technology Service Provider".

Minimum Capital Requirements and Fees⁴

The minimum capital requirements and associated fees to be paid to BoG in respect of a PSP licence application are detailed below. Additionally, where the company has foreign shareholders, the company must satisfy the Ghana Investment Promotion Centre (GIPC) minimum foreign capital requirements under the Ghana Investment Promotion Centre Act, 2013 (Act 865).

⁴ While in operation, the company must ensure that its minimum capital remains unimpaired by losses, or risk suspension of its licence and other punitive action by the BoG (section 17(1) of the Payment Systems and Services Act, 2019 (Act 987).

Licence	Minimum Capital Requirement	Processing Fees	Licence Fees	Renewal Fees
DEMI licence	GHS20m	GHS25,000	GHS100,000	GHS10,000
PSP Scheme	GHS8m	GHS20,000	GHS90,000	GHS8,000
PSP Enhanced	GHS2m	GHS12,000	GHS40,000	GHS7,000
PSP Medium	GHS800,000	GHS8,000	GHS15,000	GHS5,000
PSP Standard	No minimum capital required	GHS500	GHS1,000	GHS200
PFTSP	No minimum capital required	GHS10,000	GHS20,000	GHS5,000

Business Plan

The Business Plan must, among others, provide information on products and services including transactional limits, on-boarding process and fees or commissions to be charged where applicable. Five-year financial projections for the proposed business must also be included.

Systems and Technology

PSPs must have appropriate and tested information, communication and technology systems, equipped with fraud-monitoring and detection tools (with at least two-factor authentication) and capable of interoperating with other payment systems in Ghana, when required. A valid third-party certification from a reputable certification authority including Payment Card Industry Data Security Standard (PCI-DSS) and ISO-27001 certification and compliance must also be provided, where applicable. In addition, ICT risk assessment and mitigation measures; vulnerability assessment /penetration test report; and an ICT policy framework should be included in the application pack.

Policies

Applicants are required to submit a number of policies to the BoG including, inter alia:

- Consumer Protection Policy (which should be guided by both sections 44-47 of the Payment Systems and Services Act, 2019 (Act 987) and the Consumer Recourse Mechanism Guidelines for Financial Service Providers, 2017);
- AML/CFT Policy signed by the board of directors or company secretary (guided by the Anti-Money Laundering Act, 2020 (Act 1044) and the AML/CFT & the Proliferation of Weapons of Mass Destruction Guidelines, 2018);
- Data Protection Policy; Remote Working Policy; ICT acceptable use policy; ICT monitoring policy; and ICT information and cybersecurity policy.

Other Requirements

- Physical presence in Ghana in the form of a lease, tenancy agreement or similar.
- Risk and Mitigation measures covering operational, market, liquidity, money laundering, fraud, credit and funding risks where applicable.

Conclusion

The clear regulatory framework for PSPs and the establishment of BoG's Fintech and Innovation Office buttresses the Fintech industry as a key part of Ghana's financial ecosystem. These measures are expected to contribute to the growth of the Fintech industry, thereby helping to realize Government of Ghana's digitization and financial inclusion goals.

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