

SPEECH BY THE HON. MINISTER OF FINANCE AND
ECONOMIC PLANNING AT THE SIGNING OF AGREEMENT
BETWEEN GOVERNMENT AND SELECTED COMMERCIAL
BANKS FOR THE PROVISION OF ON-SITE/DAILY
COLLECTION BANKING SERVICE FOR MINISTRIES,
DEPARTMENTS AND AGENCIES (MDAs) ON 21ST DECEMBER,
2007 AT THE MINISTRY OF FINANCE AND ECONOMIC
PLANNING CONFERENCE ROOM

Honourable Colleague Ministers of State;
Controller and Accountant-General;
Chief Directors, Directors and Heads of Institutions;
Managing Directors of Banks represented;
Invited Guest;
Our Friends from the Media;
Ladies and Gentlemen.

1. It is an honour and pleasure for me to be with you this afternoon to sign the Agreement between the Government of Ghana and Commercial Banks for the provision of On-Site/Daily Collection banking services for selected Ministries, Department and Agencies (MDAs).
2. Your presence here this afternoon once again demonstrates Governments commitment to partner with you to provide solutions to problems that face this Country.
3. Background
Ladies and gentlemen, you may recall that in the 2007 Budget Statement our Ministry announced its intention to work with the Bank

of Ghana, Controller and Accountant-General's Department and Commercial Banks to introduce on-site banking, where possible to facilitate the collection of Non-tax Revenue and IGFs at MDAs premises.

4. Overall Objectives

The overall objective of this measure was to:

- a. Further improve Public Financial management in the area of . domestic resource mobilization, and in particular Non-Tax Revenue mobilization;
- b. Gradually increase the share of Non-Tax Revenue as a percentage of domestic revenue from the current 6% to between 10-12% in the medium term through the implementation of specific revenue enhancement measures including the following:
 - c. Improvement in enforcement of compliance with the FAA/FAR;
 - ii. Improvement in the delivery of existing services and introduction of new services;
 - iii. Introduction of more efficient collection methods;
 - iv. Elimination of revenue leakages;
 - v. Improved publicity/public education;
 - vi. Improved monitoring of district/regional collection points
 - vii. Timely transfer of all collections from transit account in the region/districts into the main NTR account at BOG.
- c. Improving Non-Tax Revenue collection will also enable Government to deemphasize the introduction of taxes.

5. Specific objectives of On-Site Banking

ladies and gentlemen, the on-site banking project is one of the means being employed by Government to improve collection mechanism, improve risk management and ensure a more efficient and timely transfer.

6. It is the expectation of my Ministry that the new arrangement will:

- a. Ensure that collections are promptly paid into the Consolidated Fund after receipt by the banks;
- b. Reduce the incidence of revenue leakage due to fraudulent receipting and handling of cash;
- c. To prevent the appropriation of collections without legislative approval; and
- d. Streamline the introduction of on-site banking service to MDAs and ensure that it is done properly and orderly within existing laws (FAA/FAR) with the appropriate agreements signed with the receiving banks.

7. Pilot

ladies and gentlemen, in 2006 on-site banking was introduced as a pilot in DVIA headquarters and the High Court in Accra. The Trust Bank and HFC Bank were involved in these pilots. Initial assessment has revealed that both banks recorded an increase of over 50% increase in revenue collections at the banks as compared to cash received by their cashiers and lodged.

This gives us the optimism to continue on this path with the involvement of more banks and Ministries, Department and Agencies (MDAs)

8. MDAs / Banks involved in this arrangement

Ladies and Gentlemen, this phase of the exercise includes seven (7) banks and fifteen (15) MDAs namely:

Banks

- Ghana Commercial Bank
- National Investment Bank
- Merchant Bank
- The Trust Bank
- HFC Bank
- Fidelity Bank
- Prudential Bank

MDAs

- Ministry of Water Resources, Works and Housing;
- Ministry of Trade, Industry, PSD and PSI.
- Ministry of The Interior;
- Lands Commission;
- Ghana Immigration Service;
- Registrar-General's Department;
- Driver and Vehicle Licensing Authority;
- Births and Deaths Registry;
- Land Title Registry;

- Ghana News Agency;
- Geological Survey Department;
- Land Valuation Board;
- Department of Parks and Gardens;
- Survey Department;
- Judicial Service.

9. Services to be provided by the Banks will be as follows:

- I. Locate a collection facility (bank) at the premises of an MDA where the collection warrants it.
- II. Locate a bank at one central point where there is a cluster of MDAs collecting NTRIIGFs.
- III. Provide mobile collection services daily to some selected MDAs:
- IV. Locate one payment point in each Regional Administration
- V. Provide daily collection service for MDAs outside the Regional Administration area.

10. Terms of Engagement

As part of the Terms of Engagement, banks will be required to

- Transfer all moneys collected on behalf of the MDAs into the designated accounts within 48hours after collection;
- Collection to be transferred within 48hours;
- Banks to provide real time access to MDAs/MoFEP/CAGD for verification etc .
- Provide facilities for reconciliation etc.

11. Our Obligation

Government represented by the MDAs/CAGD will provide all the necessary support to the banks.

12. Possible Challenges

ladies and Gentlemen, let me take this opportunity to caution that we are likely to face problems as we embark on this new journey. This could include the following:

- Change Management issues;
- Possible technical/logistic problems;
- Security of receipts etc .
- Transfer of funds
- Possible non-cooperation from some staffs of MDAs who might think that your presence will deprive them of their jobs.

13. I urge you to be sensitive and reassuring, and also develop a cordial working relationship with all the staff of MDAs you will be working with.

The Controller and Accountant-General and his staff as well as the staff of the Non-Tax Revenue Unit of this Ministry will also work with you and the MDAs to ensure that this project succeeds.

14. Conclusion

ladies and Gentlemen, let me conclude by expressing my gratitude to all of you. There are a lot of challenges facing our Ministry in the area of revenue collection and I am confident that we can collaborate with you in some of these areas to improve revenue generation and consequently the livelihood of the people of this Country. I thank you all.