

Parliament Approves €7m For E-zwich

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Parliament has approved a loan facility of €7m million for the implementation of the e-Zwich programme.

The loan agreement, which is between the Government of Ghana and Kreditanstalt FurWiederaufbau(KfW) of Germany, will benefit about seven million people including three million rural inhabitants by 2015.

E-zwich technology, a biometric payment system initiated in April 2008 by Ghana Interbank Payment and Settlement System (GhiPSS) of Bank of Ghana, permits offline transactions and fingerprint recognition making it highly suitable for rural areas and less educated people.

The purpose of the credit is to procure funds to establish a Revolving Credit Fund from which loans would be provided to financial institutions on revolving basis to enable them to acquire e-Zwich infrastructure for the implementation of the e-Zwich Rural Branchless banking Project to enhance access to money by card holders.

The Deputy Minister of Finance and Economic Planning, SethTerkper moved the motion in Parliament yesterday for the approval of the loan.

The loan has grant amount of €500,000, grace period of 10 years; repayment period of 40 years, maturity period of 50 years and interest rate of 0.75 percent.

The project activities to be financed from the loan include the investment cost of e-zwich infrastructure including Point of Sale Devices, merchant cards, customer cards and Automated Teller Machines mainly in rural areas.

It targets rural sectors such as cocoa, fruit processing, fish farming and palm oil extraction to help enroll more people onto the e-Zwich in groups.

Presenting the report of the Finance Committee of Parliament on the Loan agreement, Chairman of the Committee, James Avedzi, said the committee observed that the facility would help rural dwellers, especially traders to avoid travelling with large sums of cash and the attendant robbery attacks.

The facility, he pointed out, will allow the delivery of quality financial services to the people, especially in the unbanked and the under bank.

Mr. Avedzi said the strategy of the GhIPSS's Rural Branchless Banking project is to deploy in partnership with financial institutions the product in rural areas through the network of agents and merchants with the aim of making financial services available to all persons in the country.

The Committee, he said, advised the GhIPSS management to put in place mechanism to ensure that unscrupulous persons do not take advantage of rural dwellers to defraud them under the pretext of providing them with services connected to the Rural Branchless Banking project.

It further suggested to management to intensify public education on the product for rural folks to appreciate its use and also advised that it should be used to pay pensioners, student loan beneficiaries, national service person, National Youth Employment Programme beneficiaries and other like groups for enhanced convenience and to help reduce banking charges.

On concerns by some committee members on the interest rate on the on-lent loans to the rural financial institutions, especially considering that the rate of interest on the Euro loan from KfW is 0.75 per cent, Mr.Avedzi said it was explained to the committee that the interest rate would be pegged at six per cent, a rate far lower than the BOG prime rate to enable as many financial institutions as possible take advantage of the facility.

By Awudu Mahama