

Govt allocates GH¢4 billion for depositors of failed AMCs

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THE government has allocated a total of GH¢4 billion in the 2024 budget to pay the locked-up funds of customers of failed Asset Management Companies (AMCs), a Deputy Minister of Finance, Abena Osei-Asare, has stated.

She said the money would be paid to depositors of AMCs, including the Blackshield Company Limited, which had been able to validate their investment documents with the Security and Exchange Commission (SEC).

The money will be the remainder of the GH¢8.9 billion locked-up funds of AMCs as a result of the clean-up in the banking sector.

Those who are to receive payment are those whose locked-up investments are GH¢50,000 and over.

We understand their plight

Appearing before the five-member special committee of

Parliament to respond to why the government had failed to pay customers their funds, Mrs Osei-Asare said, "We want to pay depositors their funds because we also understand their plight".

"We are hoping that in 2024, some finality will be made and that is why the government made some allocations in the budget to pay depositors," she said.

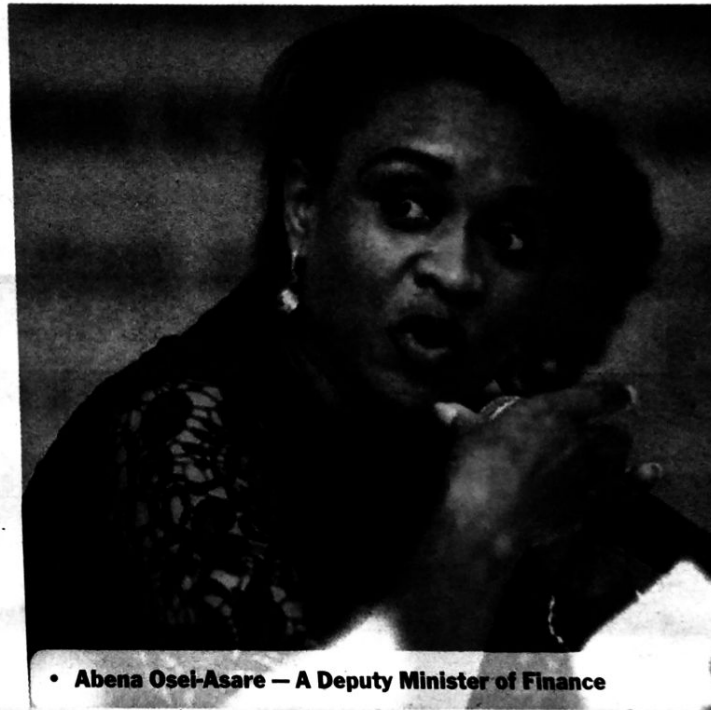
The Blackshield Capital Limited was a duly registered and accredited fund management company regulated by the SEC until it folded up as a result of the government's banking sector clean-up exercise in 2018.

The SEC budgeted an amount of GH¢8 billion for a total payment of the customers of all 47 defunct fund management companies, including the Blackshield Company.

Payments made

Responding to questions about why the government failed to pay depositors their funds, Mrs Osei-Asare said in 2020, the government allocated GH¢3.1 billion and paid all the GH¢3.1 billion to depositors.

In 2021, she said an amount of GH¢5.5 billion was approved for SEC but the government paid



• Abena Osei-Asare — A Deputy Minister of Finance

GH¢1.36 billion, leaving a shortfall of a little over GH¢4.1 billion.

For 2022 and 2023, the minister said the government however, did not allocate funds to be paid to depositors.

The Chairman of the committee, Joe Ghartey, reminded the minister that in the 2021 budget that was presented by the former Majority Leader, Osei Kyei-Mensah-Bonsu, he referred to a

bailout that was allocated to fund management companies.

Responding, Mrs Osei-Asare said that on page 44 paragraph 197, an amount of GH¢8.5 billion was submitted by the Security Exchange Commission (SEC) to help pay investors of the failed asset management companies.

Out of the amount, she said Parliament approved GH¢3.1 billion in the 2020 mid-year budget allocated to the SEC.

"So, clearly it tells you that

there was a shortfall and the government cannot say it has finished paying the Asset Management Companies (AMCs) based on what was approved by Parliament in the mid-year budget.

Stop litigations

At the end of December 2020, the government provided an amount of GH 3.4 billion for the payment of validated claims to investors of 30 Asset Management Companies (AMCs) for which liquidation orders were obtained.

"This amount was in a combination of three three-year marketable bonds of GH¢2.5 billion and a five-year zero-coupon bond of GH¢915 million.

"Out of the total amount provided by the government, an amount of GH¢1.4 billion was used to provide a partial bailout of GH¢50,000 to each investor of the remaining AMCs for which liquidation orders are pending in court," she said.

"This intervention was on social and humanitarian grounds to provide relief for investors who had gone a year without any payment and the bailout is going to settle 86 per cent of the claimants," she added.

She expressed worry that due to litigations in court, the government had to stop paying depositors.

She, therefore, prayed that such litigations in the court would end to allow the government to settle the outstanding payments.