

**MARCH 2026 PROFESSIONAL EXAMINATIONS  
STRATEGIC CASE STUDY (PAPER 3.4)  
CHIEF EXAMINER’S REPORT, QUESTIONS AND MARKING SCHEME**

**EXAMINER’S GENERAL COMMENTS**

The paper assessed candidates on a range of familiar and fundamental areas central to the Strategic Case Study (SCS) syllabus. It is evident that a significant number of candidates did not adequately prepare for the Strategic Case Study administered by the Institute. This shortfall in preparation is reflected in the disappointing overall performance recorded in the March 2026 sitting. The general performance in March 2026 was markedly below the standard expected at this level and remains a matter of concern.

**STANDARD OF THE PAPER**

The examination paper was set to a high standard, fully aligned with the prescribed syllabus for SCS in terms of content, scope, weightings and mark allocation. The case study focused on the Ghanaian Fintech industry, an area that appeared relatively familiar to many candidates. The case was presented with clarity and precision, enabling candidates to appreciate the operational, strategic, and corporate governance issues confronting the organisation.

The requirements of each question were clearly articulated. In several instances, the examiner offered direction by identifying relevant concepts, models, or principles that candidates were expected to apply. As a result, candidates with a solid grasp of the underlying theories and analytical frameworks were able to understand and respond appropriately to the demands of the questions.

**PERFORMANCE OF CANDIDATES**

The overall performance of candidates in this sitting showed a noticeable decline compared with the November 2025 examination. Although the questions set were fully consistent with the expected standard for the SCS, it was anticipated that candidates would at least maintain, if not improve upon, their previous performance. Regrettably, this expectation was not realised.

A persistent concern remains the inadequate level of preparation demonstrated by many candidates. Despite repeated emphasis in earlier examiner’s reports on the importance of comprehensive study and active engagement with the syllabus, a significant proportion of candidates continue to approach the examination without sufficient depth of understanding. This lack of preparedness is clearly reflected in the unsatisfactory performance recorded in this sitting.

**NOTABLE STRENGTHS & WEAKNESSES OF CANDIDATES**

**Strengths**

- A significant number of candidates showed clear understanding of environmental, social and governance (ESG) policies. Most were able to accurately identify the specific ESG initiatives being implemented by PayNova.
- Candidates generally demonstrated strong knowledge of critical success factors (CSFs) and their relevance to competitive advantage. This was reflected in the quality of responses, suggesting that CSFs is an area with which candidates have become increasingly conversant, possibly due to its treatment in previous examinations.

- Performance on questions relating to methods of benchmarking was notably strong. This topic did not appear to pose significant difficulty, and many candidates were able to explain the concepts involved with clarity and accuracy.
- A good proportion of candidates showed competence in discussing risk profiling and approaches to risk management, including appropriate use of the TARA (Transfer, Avoid, Reduce, Accept) framework. While some struggled, many others addressed these issues with confidence and precision.
- Finally, candidates generally performed well in evaluating how PayNova's use of board subcommittees aligns with recognised principles of good corporate governance. Responses in this area reflected a sound appreciation of governance structures and their practical implications.

### **Weaknesses**

- The performance of candidates on the question relating to the application of the GE/McKinsey Directional Policy Matrix to evaluate and position PayNova's strategic business units was generally very poor. Majority of candidates demonstrated little or no understanding of the model or its practical application. This may be attributable to the fact that the model has not been previously examined under both the old and current syllabi.
- It was also observed, rather unexpectedly, that candidates performed below expectations on the question requiring the application of Bowman's Strategy Clock in advising on appropriate business strategies for PayNova's strategic business units. Given that this model has been examined on several occasions in the past, a stronger performance had been anticipated.
- Candidates exhibited weak performance on the financial management question, which required the evaluation of four strategic options through the computation of net profit, break-even revenue, and margin of safety based on given budgeted revenues. This outcome appears to reflect a continuing trend of inadequate preparation in the area of financial management.
- In the area of corporate governance, a considerable number of candidates demonstrated limited understanding of the role and significance of non-executive directors, both in general corporate governance practice and in the specific context of PayNova.
- Furthermore, many candidates were unable to identify and apply key corporate governance frameworks relevant to Ghana. These include the Bank of Ghana Corporate Governance Guidelines for Fintech and Payment Service Providers, the Securities and Exchange Commission Corporate Governance Code (2020) for Listed Companies, and the Companies Act, 2019 (Act 992). These frameworks are fundamental and are explicitly covered in the syllabus.
- Finally, poor handwriting continues to be a notable weakness among some candidates. Illegible scripts create significant challenges during the marking process and may adversely impact the accurate assessment of candidates' responses. Candidates are therefore strongly encouraged to make deliberate efforts to improve the clarity and legibility of their handwriting.



## Introduction - Ghanaian Fintech at a Crossroads:

PayNova is a fast-growing fintech company in Ghana, founded in 2017 with a mission to bridge the gap between the banked and unbanked populations through technology-driven financial services. The company was established by two Ghanaian entrepreneurs – one a former bank executive and the other a software engineer – who envisioned a “fintech for inclusion” that could transform payments in Ghana’s largely cash-driven economy. PayNova launched a mobile wallet app enabling users to store money, make payments, and access micro-loans via basic smartphones. Early on, it targeted university students and local merchants with a pilot digital wallet, combining the convenience of telecom-operated mobile money with banking-like functionality. By focusing on customer-centric innovation (such as offering the app interface in multiple local languages) and word-of-mouth referral campaigns, PayNova rapidly gained popularity among urban youth and tech-savvy professionals. The startup secured seed funding in 2019 from a local venture fund, expanded its team, and built an informal, fast-paced culture driven by the ethos of “moving fast and breaking barriers.” This entrepreneurial culture fueled rapid feature development and user growth – but also meant formal systems and processes were secondary to growth in the early years. As PayNova scaled and entered a more regulated market space, it began to experience growing pains in balancing agility with compliance requirements.

## Company Overview:

PayNova today offers a multifaceted digital financial platform and has become a notable player in Ghana’s fintech scene. The core product is the PayNova e-wallet mobile application (available as a smartphone app and via USSD for feature phones), which allows users to deposit money (cash-in via agents or bank transfers), transfer funds peer-to-peer, make merchant payments, and withdraw cash (cash-out) through agents or ATMs. The platform’s inclusive design – including support for basic phones and integration in local languages – reflects the founders’ aim of broad financial inclusion. Over time, PayNova has continuously added features to broaden its appeal:

- **Payments and Transfers:** Users can send and receive money instantly, pay bills (utilities, school fees, etc.), and top-up mobile airtime through the app. A partnership with Ghana Interbank Payment and Settlement Systems (GhIPSS) enables interoperability with bank accounts, so customers can seamlessly move funds between their PayNova wallet and traditional banks. This interoperability appeals to those who need to bridge formal and informal financial channels.
- **Digital Lending (NovaCredit):** One of PayNova’s flagship offerings is NovaCredit, an in-app micro-lending service. Using alternative data and AI-driven credit scoring, NovaCredit analyses a user’s transaction history, mobile phone usage, and other digital footprints to provide instant micro-loans. These loans are typically small (from about GH¢50 up to GH¢1,000) and short-term, meant to serve users with little to no formal credit history. NovaCredit has been a major customer acquisition tool – many Ghanaians signed up for PayNova specifically to access emergency personal loans or small business micro-loans. PayNova charges interest and fees on these loans, contributing significantly to revenue, while keeping default risk manageable by limiting loan sizes and durations. To

stand out in a competitive digital lending market, PayNova has combined affordability with convenience and innovation, offering reasonably priced credit while delivering value-added services such as instant disbursement, in-app repayment tracking, and access through both smartphones and feature phones (via USSD). Additionally, NovaCredit is designed specifically for financially excluded segments, including informal sector workers and micro-entrepreneurs who lack access to traditional bank loans. By tailoring its product to a targeted niche and keeping loan terms flexible and accessible, PayNova positions NovaCredit as both a cost-effective and highly differentiated solution.

- **Merchant Solutions:** To drive adoption, PayNova developed solutions for merchants and small businesses. A **merchant version** of the PayNova app and a QR code payment system allow market traders, shop owners, and even online sellers to accept digital payments from PayNova users. By onboarding merchants, PayNova increases the utility of its wallet for customers (network effects) and earns commission on transactions. The company initially incentivised merchants by offering low or zero fees during promotional periods and providing simple point-of-sale tools. Partnerships with larger entities have also been key – for example, PayNova collaborated with a major utility company (Electricity Company of Ghana) so that users can buy prepaid electricity credits in-app, saving customers a trip to a kiosk. Such integrations have helped embed PayNova into users’ daily financial lives and improve customer “stickiness.”
- **Value-Added Services:** PayNova continues to explore new services to differentiate its platform. It has piloted an investment feature where users can earn interest on wallet balances by sweeping funds into a partner bank’s money market fund, essentially offering a simple savings/investment product to wallet users. It has also considered offering micro-insurance and other financial products via partnerships. These product innovations are aimed at increasing the platform’s value to customers and diversifying revenue beyond basic transaction fees.

### **Business Model and Revenue Streams:**

PayNova’s business model centers on an ecosystem of digital financial services that generate multiple revenue streams. The primary sources of income include:

- **Transaction Fees:** A small fee on peer-to-peer (P2P) transfers and payments (often a percentage of the transaction or a flat fee). In practice, PayNova has frequently waived or discounted P2P fees to drive volume and attract users, especially in competition with telecom mobile money services. Merchant payments yield commission income (merchants pay a fee on payments they receive, typically a % of the transaction). These fees made up roughly half of PayNova’s revenue in the last financial year.
- **Interest and Loan Fees:** NovaCredit provides short-term loans within the app, and PayNova earns interest income and processing fees on these micro-loans. This segment has grown to about 30% of revenues as the loan portfolio expanded. However, it comes with the cost of provisioning for loan defaults (impairment costs) and requires prudent risk management.
- **Service Commissions:** About 20% of revenue comes from commissions on value-added services like airtime top-ups, bill payments, and any premium features. For example, PayNova might receive a small commission from telecom operators for processing airtime purchases, or a convenience fee from service providers for facilitating bill payments on its platform.
- **Emerging/Potential Streams:** If PayNova rolls out new offerings (investment products, insurance, API services for businesses, etc.), these could create new income streams. For instance, PayNova Business – an API and dashboard for enterprises to integrate PayNova

payments – could generate business-to-business (B2B) service fees in the future. So far, these are nascent and not a large part of revenue.

Overall, digital payment services have high gross margins (each additional transaction costs little to process), whereas the lending services can be lucrative but carry risk of bad debt. PayNova’s cost structure includes technology infrastructure costs, customer support and operations, compliance costs, and significant marketing and customer acquisition expenses. Like many fintech startups, PayNova initially prioritised growth over profitability, spending heavily to build its user base. By 2025, the company’s registered user base has grown to over 1.5 million (with ~800,000 active monthly users), from virtually zero in 2017. This rapid growth in users and transactions has driven a surge in revenue from around GH¢10 million in 2020 to GH¢80 million in 2024. However, profitability only recently turned positive; PayNova recorded small losses in 2022 and 2023 as it invested in expansion, before achieving a modest profit in 2024. Key financial objectives now are to sustain high growth while improving profit margins.

The table below provides extracts from the company’s financial statements (figures in GH¢ millions):

**Extracts from PayNova’s Income Statement (GH¢ millions)**

<b>Item</b>	<b>2024</b>	<b>2023</b>
Revenue	80.0	60.0
Direct service costs	(16.0)	(12.0)
<b>Gross profit</b>	<b>64.0</b>	<b>48.0</b>
Operating expenses	(58.0)	(50.0)
<b>Operating profit</b>	<b>6.0</b>	<b>(2.0)</b>
Finance costs	(0.5)	0.0
<b>Profit before tax</b>	<b>5.5</b>	<b>(2.0)</b>
Tax	(1.5)	0.0
<b>Profit for the year</b>	<b>4.0</b>	<b>(2.0)</b>

*(Note: Negative figures in parentheses. 2023 figures indicate a net loss, reflecting PayNova’s continued reinvestment in that year.)*

This financial picture shows PayNova at a turning point – by 2024 it has reached roughly break-even, with a small net profit margin (~5%). Revenues are growing strongly (over 30% year-on-year from 2023 to 2024), and the company is aiming to improve its cost-to-income ratio as it scales. The financial objectives set by management include maintaining annual revenue growth above 30-40%, achieving a sustainable profit margin by improving operational efficiency, and securing sufficient capital to fund the expanding loan book and any geographic or product expansion. The company has so far financed its growth through equity (multiple funding rounds from angel and venture capital investors) and a line of credit from a partner bank to support NovaCredit lending. Future plans may include raising additional equity (a Series C round) or exploring debt financing strategies (such as loan portfolio securitisation or partnership with financial institutions) to ensure that aggressive growth can be funded without jeopardising financial stability. PayNova’s finance team uses metrics like customer acquisition cost vs. lifetime value, loan non-performance ratios, and operating cost ratios to monitor performance and guide strategy. Management bonuses are increasingly tied to balanced

scorecard metrics – not only user growth and revenue, but also risk indicators (e.g. loan default rates) and cost management targets – underscoring the shift toward sustainable growth.

*PayNova's revenue growth from 2018 to 2024 (in GH¢ millions) has been rapid, reflecting the surge in fintech adoption in Ghana. After a period of heavy investment and losses, PayNova reached a near break-even point in 2024 as revenue expansion began to outpace operating costs.*

## **Market Environment in Ghana:**

PayNova operates within Ghana's burgeoning fintech and digital payments industry – a dynamic environment shaped by supportive macroeconomic trends, evolving consumer behavior, and increasing regulatory attention. An analysis of the macro and industry environment using a PESTLE framework (Political, Economic, Social, Technological, Legal, Environmental factors) and Porter's Five Forces is provided below to contextualise the strategic landscape.

- **Political & Policy Environment:** Ghana enjoys a stable political climate relative to many peers, and in recent years the government has actively promoted financial inclusion and a relatively “cash-lite” economy. Policymakers view digital finance as a tool to improve transparency and economic development. A National Financial Inclusion Strategy and the National Payment Systems Strategic Plan (2019–2024) set out government support for fintech innovation. The Bank of Ghana (BoG) – Ghana's central bank – has established a dedicated FinTech and Innovation Office, signaling the authorities' commitment to overseeing and enabling fintech growth. However, policy actions have at times introduced uncertainties. In 2022, the government implemented an Electronic Transactions Levy (E-Levy) on mobile money and digital transfers, initially at 1.5%. This new tax was intended to raise revenue but was widely unpopular; industry stakeholders warned it could discourage digital payments. Indeed, BoG data showed a dip in transaction volumes around the time the E-Levy took effect, as some users reverted to cash. The levy was later reduced to 1% in 2023 to mitigate these effects. By 2024, electronic payment usage rebounded strongly – the total value of mobile-money transactions in 2024 reached GH¢3.02 trillion, up 52% from 2023. Still, the E-Levy episode illustrates the policy risk fintechs face: even well-intentioned policies can have unintended negative impacts on digital finance adoption. PayNova's leadership has had to engage with policymakers (often through industry associations) to advocate for balanced regulations that support innovation without dampening usage.
- **Economic Factors:** Ghana's economy has seen solid growth over the past decade, though not without volatility. Rising GDP and a growing middle class, especially in urban centers, have expanded the addressable market for modern financial services. Even amid bouts of high inflation and currency fluctuations (for instance, the Ghanaian Cedi saw significant depreciation in 2022), consumer demand for secure savings and convenient payment solutions remains strong. Economic inequality is a persistent reality: a substantial portion of the population lives on low incomes, meaning sensitivity to fees and taxes is high. Fintech providers like PayNova must tailor pricing to be affordable for low-income users (many of whom may transact in small values) while still achieving sustainable revenues. Access to capital is another economic factor in the fintech environment – local funding for startups in Ghana is limited, so fintechs often seek foreign investment. PayNova experienced this firsthand: after its initial seed funding from local investors, subsequent funding rounds included foreign venture capital, bringing needed growth capital but also

exposure to foreign exchange risk and high performance expectations. The pressure to deliver rapid user and revenue growth is partly driven by these international investors looking for “scale-up” returns. Overall, Ghana’s economic trends (urbanisation, income growth, digitalisation of commerce) favor fintech expansion, but companies must navigate economic headwinds like inflation (which can raise operating costs and erode consumers’ disposable income) and currency risk.

- **Social Factors:** Demographics and consumer behavior in Ghana present both opportunities and challenges. The population is youthful (a median age in the low 20s) and increasingly tech-savvy. Mobile phone usage is ubiquitous – even in lower-income and rural segments, basic mobile phones are common, and smartphone penetration is steadily rising. This youthful, mobile-enabled demographic is generally receptive to digital solutions. Over the past decade, Ghanaian consumers have built trust in mobile money services (pioneered by telecom operators), which has paved the way for fintech adoption. Social attitudes towards fintech have become positive: handling money on phones is no longer novel, it’s mainstream. That said, outside major cities there remains a cultural preference for cash and traditional, face-to-face financial dealings. Trust is paramount; many people initially view new digital services with skepticism, fearing scams or hidden charges. PayNova, like others, invests in financial literacy and community engagement to overcome these trust barriers (for example, running market demonstrations and user education campaigns in local languages, **as detailed later in this case**). Another social expectation is that fintech companies contribute to financial inclusion as a public good. There is societal and political pressure for services like PayNova to reach rural and underserved communities, not just cater to urban elites. Success in Ghana’s fintech sector is thus often measured not only by profit, but by impact – how many previously unbanked individuals have gained access to finance. PayNova’s mission-driven ethos aligns with this, but it must balance social impact initiatives with commercial objectives.
- **Technological Factors:** Technology infrastructure and innovation are at the heart of Ghana’s fintech boom. Mobile connectivity covers the vast majority of the country – 4G networks blanket all major towns and even many rural areas (though network reliability can vary). The cost of mobile data, while high in the past, has been falling, making app-based services more accessible to average Ghanaians. Crucially, Ghana implemented a Universal QR Code and mobile money interoperability in 2018, enabling seamless transfers between different mobile money providers and bank accounts. This interoperability (managed by GhIPSS) means fintech apps like PayNova can integrate easily with the broader payments ecosystem, fostering a convenient user experience. PayNova has capitalised on these integrations to let users move money between their wallet and other systems in real-time. The local tech talent pool is growing: universities and coding bootcamps are producing more software developers and data scientists. PayNova’s team includes Ghanaian engineers proficient in modern stacks, allowing it to develop and iterate its platform in-house. The company leverages cloud computing to scale its infrastructure on demand, avoiding heavy investment in physical servers. However, rapid tech adoption also brings cybersecurity concerns. Ghana, like many countries, has seen rising incidents of cyber fraud (phishing attacks on mobile money users, SIM swap fraud, etc.). Fintech firms are under pressure to harden their platforms against hacking and fraud. PayNova has invested in advanced security measures (multi-factor authentication, fraud monitoring algorithms) to protect its customers, knowing that any major breach could severely damage trust. Additionally, technology trends such as blockchain and AI present both opportunities and disruptions. PayNova’s use of AI (in credit scoring) gives it a competitive edge, but also raises questions of algorithmic bias and transparency (**discussed later under ethics**). The Bank of Ghana is even exploring a central bank digital

currency (the “e-Cedi”) – if launched widely, an e-Cedi could either complement fintech wallets (by providing a new digital medium of exchange) or become a low-cost alternative that might disintermediate some fintech services. PayNova is keeping an eye on such developments to adapt its strategy accordingly.

- **Legal & Regulatory Factors:** The regulatory landscape for fintech in Ghana is still maturing. The principal law governing the sector is the Payment Systems and Services Act, 2019 (Act 987), which for the first time provided a comprehensive framework for licensing and supervising fintechs and Payment Service Providers (PSP). Under this law, any company seeking to offer payment services or electronic money must obtain a license from the Bank of Ghana. PayNova achieved compliance with this by securing a PSP license, a milestone that conferred legitimacy and allowed it to operate legally in the financial sector. Licensing came with ongoing requirements: meeting minimum capital levels, implementing risk management and anti-money-laundering controls, and submitting to BoG oversight and reporting. In addition to Act 987, fintechs must navigate regulations on consumer protection, data privacy, and cybersecurity. Ghana’s Data Protection Act, 2012 (Act 843) mandates that customer personal data be handled with consent and kept secure; the Data Protection Commission has become more active in auditing and enforcing compliance across tech companies. In early 2025, the Commission launched an industry-wide audit of fintech data practices, compelling companies like PayNova to demonstrate robust data governance (e.g. clear privacy policies, cybersecurity defenses, and procedures for customers to access or correct their data). The central bank is also working on specific guidelines for digital lending due to concerns about predatory lending and over-indebtedness. Draft guidelines (circulated for consultation in late 2024) propose measures such as caps on effective interest rates for micro-loans, mandatory disclosures of loan terms to customers, and potential requirements for fintechs to submit their credit scoring models for regulatory review to ensure fairness. This reflects regulators’ increasing scrutiny as fintech activities (like PayNova’s NovaCredit) scale up and touch vulnerable consumers. Legal enforcement in Ghana generally upholds contracts and property rights, meaning fintechs can theoretically rely on courts for dispute resolution – but in practice, small customers may not pursue legal recourse, so it falls on companies to handle complaints ethically. Overall, while Ghana’s regulatory stance toward fintech is enabling, it is also tightening: fintechs are being drawn into a regime closer to that of banks as their systemic importance grows. PayNova’s leadership must keep abreast of new laws and adapt compliance accordingly, from licensing and reporting obligations to aligning with corporate governance codes (especially if the company plans a future public listing).
- **Environmental Factors:** Though not as central to fintech as other industries, environmental and sustainability considerations are increasingly part of the business context. Ghana, like the rest of the world, faces climate change impacts (such as floods in certain regions) and there is a push for corporate actors to support sustainability. Fintech services, by digitising transactions, can reduce paper usage and the carbon footprint associated with cash handling and transportation. While PayNova’s direct environmental impact is minimal (its operations are mostly digital), it has taken some eco-friendly steps that double as practical measures – for example, outfitting its head office with solar panels and battery backups. This move not only projects a “green” image but also helps mitigate the frequent power outages from the national grid (ensuring the platform stays online). In corporate social responsibility terms, PayNova considers financial inclusion itself as having positive social impact, and it has participated in initiatives like using mobile wallets for disaster relief fund distribution in flood-affected communities. These efforts align with broader Environmental, Social, and Governance (ESG) trends that investors and regulators worldwide are encouraging. For instance, some of PayNova’s foreign investors have ESG

mandates that require the company to report on its contributions to social outcomes (e.g. number of previously unbanked customers now served) and its adherence to responsible business practices. While environmental issues do not drive PayNova’s strategy, they form part of the backdrop of stakeholder expectations and corporate citizenship that the company acknowledges.

### **Competitive Landscape and PayNova’s Strategic Position:**

Ghana’s fintech industry is becoming crowded and fiercely competitive. Applying Porter’s **Five Forces** framework to the digital finance sector helps illuminate the competitive intensity and strategic position for a company like PayNova:

- **Rivalry Among Existing Competitors: High.** Dozens of fintech firms are jockeying for market share in payments, mobile wallets, and digital lending. PayNova faces direct competition from other homegrown fintech startups such as ExpressPay, SlydePay, Zeepay, and others that offer overlapping services (money transfer, bill pay, etc.). Additionally, the telecom operators – especially MTN, whose Mobile Money (MoMo) service is ubiquitous – are both partners and rivals. MTN MoMo holds an estimated 75–80% of Ghana’s mobile money user base, leveraging a vast agent network and strong brand. Traditional banks are also muscling in: for instance, Ghana Commercial Bank (GCB) has “G-Money,” an interoperable mobile wallet, and other banks like Ecobank and Fidelity have upgraded their mobile apps to include features similar to fintech wallets. This means PayNova competes not only with nimble startups but also with large, resource-rich telcos and banks. The intensity of rivalry is seen in aggressive marketing (competitors offering referral bonuses, free transactions, etc.) and rapid innovation cycles. While the overall pie of digital payments is growing, multiple players are racing to capture the same users and merchants. This high rivalry exerts downward pressure on fees (companies undercut each other to attract customers) and forces continuous feature improvements. PayNova has responded by focusing on product differentiation (e.g. its NovaCredit lending and multi-language support) and strategic partnerships, but it must constantly monitor the moves of both incumbents and new entrants to retain its share.
- **Threat of New Entrants: Moderate to High.** The fintech sector has relatively low entry barriers in terms of technology – a small team of developers can create a basic mobile payment app using widely available cloud tools and APIs. This means locally, new startups can and do emerge frequently. However, regulatory barriers are significant: obtaining a PSP license under Act 987 requires meeting BoG’s criteria (minimum capital, systems, governance readiness), which entails time and expense. This tends to weed out under-resourced startups or at least slow their entry. Still, Ghana’s attractive market has drawn interest from foreign fintech entrants. For example, Nigeria’s fintech giants (like Flutterwave or OPay) have been eyeing Ghana for expansion, and a Senegal-based mobile money unicorn called Wave (valued over \$1 billion) expanded from Francophone Africa and is reportedly considering Ghana next. These foreign entrants come with deep pockets and proven business models, posing a real threat if they localise effectively. PayNova also keeps watch for global tech firms or payments companies that might launch products in Africa (e.g. a big international wallet or a payments app expanding into Ghana). The presence of these potential entrants means that even if current competition is manageable, the landscape could shift quickly. Barriers such as customer trust, agent networks, and regulatory approval provide some protection – PayNova’s existing user base and local expertise give it a head-start that new entrants must overcome. Nonetheless, the threat remains significant: the “next big app” could emerge from an Accra tech hub or via

regional expansion, so PayNova cannot be complacent. It continuously innovates and builds its customer loyalty to raise the barrier for newcomers.

- **Bargaining Power of Customers: High (for retail customers collectively).** Individual users have many alternative options for digital financial services, and switching costs are low – a Ghanaian can easily maintain multiple mobile wallets or apps and use whichever offers the best convenience or promos at a given time. Customer loyalty in this space is not deeply entrenched yet; fintech users will compare transaction fees, loan interest rates, and user experience, and they are quick to gravitate to better offerings. This empowers customers to demand more value – effectively pushing companies to offer free transfers, rewards, or superior service to keep them engaged. PayNova has to continuously improve its app’s user interface, keep fees low or competitive, and respond to customer feedback (e.g. adding requested features) to maintain its user base. Certain customer segments do have some inertia – for example, older or less tech-savvy users in rural areas might stick with the first digital service they learn and trust, giving an advantage to whoever onboards them first. But in urban segments, savvy users often have MTN MoMo, one or two fintech apps, plus traditional bank mobile apps – they will use whichever is most beneficial for each transaction. Merchant customers (businesses that accept digital payments) also exert bargaining power: a large retail chain, for instance, could negotiate better terms or choose a competitor if PayNova doesn’t meet their needs (this is part of why PayNova offered low merchant fees initially). Overall, customer power manifests in the need for constant innovation and excellent customer service; any slip (like a security breach, extended downtime, or unpopular fee) can cause users to abandon PayNova for alternatives, given how easily they can switch.
- **Bargaining Power of Suppliers/Partners: Moderate to High.** In fintech, the concept of “suppliers” extends to key partners that provide infrastructure or services the fintech relies on. For PayNova, critical partners include telecommunications companies (MTN, Vodafone, AirtelTigo) which provide the mobile network connectivity and USSD channels that the PayNova service runs on. These telcos also operate their own financial services (mobile money), putting them in a quasi-competitor position. The largest, MTN, wields substantial power: if MTN decided to change its mobile money platform fees or API access terms, that could directly increase costs or disrupt service for fintechs like PayNova. So far, telecoms have generally cooperated with independent fintechs, but PayNova remains wary of over-reliance on any single network. It has integrated with all mobile networks to avoid a monopoly supplier scenario and has even explored using independent agent networks for cash-in/out to reduce dependence on telecom agents. Other “suppliers” include global tech providers – for example, cloud service providers (like Amazon Web Services (AWS)) and payment technology vendors. These tend to offer standardised pricing (PayNova as a relatively small client, has little leverage to negotiate discounts with, say, AWS or a global software provider). Additionally, human talent can be seen as a supplier in knowledge industries: skilled software developers, data scientists, and compliance experts are in high demand in Ghana, and talent is somewhat scarce. This gives top tech talent bargaining power – they can demand high salaries or leave for other companies easily. PayNova has had to offer competitive compensation and a compelling mission to attract and retain talent (losing a key developer or data scientist to a competitor is a very real concern). All told, while PayNova doesn’t depend on many traditional raw material suppliers, it is heavily dependent on a few big partners (telcos) and a skilled workforce. This means its negotiating position in certain areas is limited, and changes from these partners (like a price hike for USSD access, or talent poaching by competitors) could impact the business. Maintaining good relationships and having backup plans (multi-

homing across suppliers, investing in employee development and engagement) are part of how PayNova manages this force.

- Threat of Substitutes: Moderate.** The primary substitute for digital fintech services in Ghana is **cash and informal financial practices**, which have been entrenched for decades. Despite the digital revolution, cash remains king for many daily transactions, especially in rural areas and among older generations. If digital services become inconvenient (for example, if network outages prevent transactions or if fees/taxes make using the app costly), people can and do fall back to using physical cash or informal methods (like sending money via bus drivers or informal couriers, or saving in community savings clubs known as “susu”). Thus, one constant competitive threat is simply the non-usage of any fintech – persuading customers to leave cash under the mattress and use an app instead is an ongoing battle. That said, as smartphone penetration increases and digital literacy improves, the preference for cash is gradually eroding, especially in urban Ghana. Another set of substitutes comes from traditional financial institutions enhancing their services. For instance, if banks significantly improve their outreach (more branches or agent points in rural areas) or their digital offerings (mobile banking apps that replicate what fintechs do), some customers might prefer using the known brand of a bank over a startup’s app. However, banks in Ghana have often chosen to collaborate with or emulate fintechs rather than expand physical infrastructure, so this threat is limited by the banks’ own strategic choices. In the future, an emerging substitute could be the e-Cedi (central bank digital currency) if the BoG rolls it out widely. A well-implemented e-Cedi might allow people to transact digitally without needing a separate fintech wallet – potentially a substitute for third-party services like PayNova. On the flip side, PayNova could integrate the e-Cedi into its platform, turning a potential substitute into an opportunity. Overall, while the momentum is toward digital finance, PayNova must be mindful that if its service ever becomes too costly, unreliable, or hard to use, customers always have the substitute of using cash or another more familiar channel. This threat underlines the importance of reliability, affordability, and trust in PayNova’s value proposition.

### Ghana Fintech & Digital Payments — Headline Metrics

<i>Fintech 2024 Snapshot</i>	<b>Licensed Fintechs (PSPs/EMIs)</b>
Internet Users – 24 million	2 EMIs
Account Ownership via MM – 60% of adults	44 PSP – Enhanced
Active Mobile Money Agents – 605,000	11 PSP – Standard
Active Mobile Money Users – 23.5 million	
Annual Value – GH¢3.010 billion (+57%)	
Annual Volume – 8/9 billion transactions (19%)	

### Organisational Structure and Culture:

As PayNova has grown from a lean startup into a mid-sized enterprise, its organisational structure and management practices have evolved. In the early days (2017–2018), the company had a flat structure – a small team where everyone wore multiple hats and decisions were made quickly and informally by the founders and early employees. By 2025, with over **120 employees** and multiple functional departments, PayNova has transitioned toward a more formal structure to ensure clarity and control. The company is structured primarily by function at its headquarters in Accra:

- **Executive Leadership:** The two co-founders hold top roles – one serves as Chief Executive Officer (CEO) and the other as Chief Technology Officer (CTO). The CEO oversees overall strategy, investor relations, and partnerships, while the CTO drives product development and tech innovation. In recent years, PayNova added a Chief Financial Officer (CFO) with strong accounting/finance background and a Head of Compliance (hired from the banking sector) to its leadership team, reflecting the need for financial discipline and regulatory compliance expertise.
- **Functional Departments:** Key departments include Product Development & Engineering (software developers, IT operations, Quality Assurance), Operations & Customer Support (managing the agent network, customer service center, day-to-day transaction operations), Finance & Risk Management (accounting, financial planning, credit risk analysis for NovaCredit), Marketing & Growth (marketing campaigns, social media, user acquisition programs, merchant relations), and Compliance & Audit (ensuring regulatory compliance, AML checks, data privacy oversight). Each department is headed by a manager or director who reports to the CEO or senior executives. For instance, the Head of Marketing reports to the CEO, the Risk Manager reports to the CFO, etc.
- **Board of Directors:** PayNova’s board as of 2025 has seven members. There are two executive directors (the CEO and CTO/founders), two investor representatives (one from the venture capital firm that led the Series B round, and one representing early-stage investors), and three independent non-executive directors. The independent directors include a former Ghanaian bank CEO (bringing financial industry experience), a technology industry expert, and a legal/governance expert. The Board is chaired by one of the independents (not by the CEO, in line with good governance practice). The mix of perspectives – founder vision, investor drive for growth, and independent oversight – makes for healthy debate in board meetings. Subcommittees have been established: an Audit & Risk Committee (led by the ex-bank CEO) to review financial reports, risk and compliance issues; and a Remuneration & Nominations Committee to oversee executive pay, hiring of senior management, and board composition. These structures were not in place initially but have been instituted as the company prepares for potentially even greater growth or an eventual public listing. They also pre-empt regulatory expectations (BoG has hinted that larger fintechs should mirror banks in having strong governance mechanisms).

Despite the move toward hierarchy and formal processes, PayNova strives to preserve a culture of innovation and agility. The **corporate culture** is described as mission-driven, collaborative, and innovative. Employees are continually reminded of the core mission: improving financial inclusion and customer empowerment. This helps motivate staff, especially as the company’s work often tangibly impacts ordinary people’s lives (e.g. enabling a small trader to save money securely or get a loan in an emergency). However, cultural growing pains have occurred. Some early employees felt a loss of the “startup family” atmosphere as the company grew and new layers of management were added. To address this, leadership has tried to maintain open communication channels – the CEO hosts regular townhall meetings with all staff, there are hackathon events to keep the innovative spirit alive, and an open-door policy for ideas is encouraged. The introduction of compliance checks and documentation (for example, the compliance department reviewing new app features for regulatory issues before release) initially caused friction with the fast-moving engineering team. Management handled this by explaining the stakes – that ensuring quality and compliance is part of delivering good service – and by integrating compliance staff into project teams early so that they are seen as collaborators rather than roadblocks.

Training and development have become priorities to support the evolving structure. Employees now receive training on topics like data security, customer service best practices, and even ethical AI usage (relevant to those working on NovaCredit’s algorithms). The company has also implemented a performance management system aligned with its **Balanced Scorecard** objectives. Each department and employee has clear KPIs that tie into PayNova’s strategic goals (e.g. uptime targets for IT, customer satisfaction scores for support, growth numbers for marketing, risk metrics for finance). By linking individual objectives to the broader strategy, PayNova aims to keep the entire organisation pulling in the same direction, even as it becomes larger and more complex. This alignment is crucial because PayNova’s strategic goals require cross-functional effort – launching a new product or entering a new market would involve technology, marketing, operations, and compliance teams all working together.

Looking to the future, PayNova recognises that if it expands to new countries or significantly broadens its product lines, the structure may need to adapt further. The board has discussed possibly setting up regional teams or subsidiaries if international expansion happens (e.g. having a country manager in any new market who understands local context). Another idea on the table is forming a dedicated “Growth Initiatives” team – a cross-department task force that pilots new strategic projects (like entering a francophone West African market or building a new insurance product) so that the core operations can continue without distraction. The organisational challenge is to remain **agile** and entrepreneurial while adding the **systems and controls** that a maturing financial institution must have. So far, PayNova has managed to navigate this by incremental changes: adding needed roles (CFO, compliance head), instituting committees, writing formal policies where necessary (there are now documented standard operating procedures for key processes like handling customer complaints, onboarding new agents, etc.), but still encouraging innovation (for example, hackathons have led to some feature ideas and there’s an internal “sandbox” where developers can experiment with new tools).

### **Key Strategic Challenges (“The Crossroads Dilemma”)**

By late 2025, PayNova faces a three-way squeeze: investors demanding rapid scale, regulators tightening oversight, and stakeholders expecting ethical, trustworthy conduct. Post-Series B investors want dominant market share fast—pushing launches in new countries and sharp expansion of NovaCredit—even if near-term profitability dips. In parallel, the Bank of Ghana’s deeper scrutiny and emerging rules (stronger risk/compliance, capital buffers, internal audit) expose gaps in PayNova’s controls and could slow onboarding and lending unless systems are upgraded. At the same time, ethical questions—algorithmic bias in lending outcomes and pressure to monetise customer data—threaten brand trust if not addressed transparently and decisively.

Competitive dynamics amplify the dilemma. A rival’s potential preferential tie-up with a key telecom partner could raise PayNova’s distribution costs or limit access, prompting the board to weigh alliances or a merger to protect scale—moves that carry integration and cultural risks. Management must choose between prioritising compliance and ethics (accepting slower growth), pursuing aggressive expansion (accepting higher regulatory and reputational risk), or a balanced path that sequences growth with control enhancements. Aligning founders, investors, regulators, customers, and employees around a coherent course of action is now the central governance test that will shape PayNova’s trajectory.

## Strategic Options for the Way Forward:

PayNova’s leadership has outlined several distinct strategic options to resolve its growth-vs-governance dilemma. Each option emphasises different aspects of the business and comes with its own set of risks and rewards. Below is a compact four strategic options.

**Table 1: PayNova – Strategic Options Summary**

Option	Core actions & tactics	Key benefits (why do it?)	Key risks / challenges	Feasibility (resources & capability)	Stakeholder acceptability
<b>1. Focused Domestic Penetration (Deepen the Core Market) Short–mid term (12–24 months)</b>	<ul style="list-style-type: none"> <li>Accelerate acquisition nationwide (rural outreach, secondary cities).</li> <li>Tailor products to local needs (susu/saving groups, agri-tools).</li> <li>Selective price moves (fee waivers, rewards).</li> </ul>	<ul style="list-style-type: none"> <li>Builds large, loyal user base &amp; network effects.</li> <li>Operate under familiar regulation.</li> <li>Higher share-of-wallet; refine model before scaling.</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity cost if rivals expand regionally first.</li> <li>Market saturation limits long-term upside.</li> <li>Greater BoG scrutiny if “systemically important.”</li> </ul>	<b>High:</b> Leverages existing teams, partners, brand; incremental spend on marketing & product.	<p><b>Regulator:</b> Positive (domestic focus).  <b>Investors:</b> Mixed (slower headline scale).  <b>Customers/Founders:</b> Positive (inclusion focus).</p>
<b>2. Selective Regional Expansion (New Markets) Phased (6–12 month pilot; 18–36 month scale).</b>	<ul style="list-style-type: none"> <li>Pilot with local bank/telco; or acquire small fintech.</li> <li>Start with remittances or small market (e.g., Liberia) before larger (e.g., Nigeria).</li> <li>Localise (FX, language, regulation).</li> </ul>	<ul style="list-style-type: none"> <li>Access bigger pools of users &amp; revenue.</li> <li>Diversifies country/regulatory risk.</li> <li>Supports “pan-African” brand, boosts valuation.</li> </ul>	<ul style="list-style-type: none"> <li>Complex, varied regulation; licensing risk.</li> <li>Tough incumbents (e.g., Nigeria).</li> <li>Management / capital strain; initial losses likely.</li> <li>Execution risk &amp; distraction from core.</li> </ul>	<b>Medium:</b> Requires new country teams, compliance, cash runway; partnership quality is critical.	<p><b>Investors:</b> Strongly positive. <b>Regulator (GH):</b> Neutral. <b>New regulators:</b> To be won over.  <b>Founders:</b> Cautious.</p>
<b>3. Innovation Leadership (Product Differentiation)</b>	<ul style="list-style-type: none"> <li>Build robust SME/merchant stack (POS, inventory loans/insurance, marketplace).</li> </ul>	<ul style="list-style-type: none"> <li>New revenue streams; IP &amp; switching costs.</li> <li>Brand as the advanced,</li> </ul>	<ul style="list-style-type: none"> <li>High R&amp;D cost; talent scarcity.</li> <li>Risk of building</li> </ul>	<b>Medium–High:</b> Needs senior product, data,	<p><b>Regulator/Customers:</b> Positive if fair/secure.  <b>Investors:</b> Positive if roadmap shows</p>

<b>Staggered</b> (MVPs 6–12 month; scale 12–24 month).	<ul style="list-style-type: none"> <li>• Explore blockchain cross-border rails; e-Cedi readiness.</li> <li>• Monetise analytics/credit-scoring (privacy-safe).</li> </ul>	<p>trusted innovator.</p> <ul style="list-style-type: none"> <li>• Regulator goodwill for responsible innovation.</li> </ul>	<p>ahead of market demand.</p> <ul style="list-style-type: none"> <li>• If rivals scale users faster, adoption can lag.</li> </ul>	<p>security talent; governance over AI/data.</p>	<p>ROI. <b>Founders:</b> Strong alignment.</p>
<b>4. Controlled Growth (Governance &amp; Sustainability First) Short–mid term</b> (6–18 month capability uplift).	<ul style="list-style-type: none"> <li>• Tighten credit policy; cap growth until NPLs very low.</li> <li>• Upgrade security &amp; privacy; publish transparency/AI ethics.</li> <li>• Add independent directors; formalise risk/audit.</li> <li>• Company-wide ethics/compliance training.</li> </ul>	<ul style="list-style-type: none"> <li>• Trust &amp; regulatory “model player” status; fewer catastrophic risks.</li> <li>• Competitive advantage via reliability &amp; ethics.</li> <li>• Smoother future scaling/IPO readiness.</li> </ul>	<ul style="list-style-type: none"> <li>• Slower growth vs. rivals; potential investor frustration.</li> <li>• Perceived loss of momentum; talent retention risk if narrative isn’t compelling.</li> </ul>	<p><b>High:</b> Mostly internal work; requires budget and leadership bandwidth.</p>	<p><b>Regulator / Customers:</b> Very positive. <b>Investors:</b> Mixed/negative short-term. <b>Founders:</b> Strong alignment.</p>

**Table 2: Cross-option comparison**

Criterion	Opt 1	Opt 2	Opt 3	Opt 4
Growth potential (2–3 yrs)	<b>Medium</b>	<b>High</b>	<b>Medium–High</b>	<b>Low (by design)</b>
Execution risk	<b>Low–Medium</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Capital intensity	<b>Medium</b> (marketing/product)	<b>High</b> (market entry)	<b>Medium–High</b> (R&D/talent)	<b>Medium</b> (controls/systems)
Regulatory complexity	<b>Known</b> (BoG)	<b>High</b> (multi-jurisdiction)	<b>Medium</b> (new tech oversight)	<b>Low–Medium</b> (alignment)
Time to results	<b>Faster</b>	<b>Slower initially</b>	<b>Phased</b>	<b>Near-term trust; delayed growth</b>
Investor appeal (headline scale)	<b>Moderate</b>	<b>High</b>	<b>High if roadmap clear</b>	<b>Low in short term</b>
Trust/brand lift	<b>Moderate</b>	<b>Variable</b>	<b>High (if ethical by design)</b>	<b>Very high</b>

## PayNova Engaged a Management Consultant

In October 2025, PayNova’s Board convened an extraordinary strategy retreat to address mounting pressures at a pivotal moment in the company’s growth. Revenues had expanded from circa GH¢10 million (2020) to roughly GH¢80 million (2024), with a first full-year profit achieved in 2024 and a rapidly scaling user base (~1.5 million registered; ~800,000 Monthly Active Users (MAU)). Yet three currents converged:

- i) investor expectations following a successful Series B and a new Venture Capital board presence urging faster, multi-market expansion and a larger NovaCredit loan book;
- ii) heightened regulatory scrutiny—particularly from the Bank of Ghana (BoG) on lending growth, risk controls, KYC/AML, data privacy, and governance; and
- iii) reputational and ethical questions around algorithmic fairness and data use, coinciding with intensifying competition and critical telecom dependencies.

To navigate these cross-pressures and translate strategy into execution with discipline, PayNova engaged Akan & Partners Strategy Advisory (“A&P”). The mandate: deliver a pragmatic “Strategy in Action” blueprint—aligning structure, systems, leadership, culture, and financial controls—so PayNova can scale fast and responsibly.

Lead Consultant: Ama Osei-Akan, Partner (Akan & Partners Strategy Advisory)

## Management Consultant’s Report to PayNova

**Prepared for:** The Board and Executive Leadership Team, PayNova

**Prepared by:** Akan & Partners Strategy Advisory (Lead: Ama Osei-Akan)

**Date:** November 2025

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### Executive Summary (What to do now)

We recommend a Governed Scale-Up path that sequences growth with control—stabilise, deepen, differentiate, then expand:

1. **Stabilise (0–90 days)** – Close priority control gaps to meet BoG expectations and shore up trust: formalise internal audit and model risk governance; remediate KYC/AML and collections oversight; publish an AI Fairness & Transparency Plan for NovaCredit; uplift data privacy/security controls; agree on a single, enterprise KPI pack and cadence.
2. **Deepen Ghana (90–180 days)** – Accelerate domestic penetration (rural, secondary cities, agents/merchants) with product tweaks for local use-cases (susu groups, agri tools) while keeping NPLs <5% and system uptime ≥99.95%.
3. **Differentiate (6–12 months)** – Launch a **Merchant & SME stack** (light POS, inventory financing, micro-insurance, API) and e-Cedi readiness; roll out model monitoring with bias controls; embed “privacy-by-design” in product pipeline.
4. **Expand Selectively (12–18 months)** – Pilot one regional market via a **partnership-led entry** (bank/telco/JV) and **cross-border remittances first**; only scale after passing internal and regulatory gates (credit, conduct, capital, compliance).
5. **Fund the loan book prudently** – Stand up a warehouse line or SPV/securitisation to de-risk NovaCredit growth without stressing equity; align provisioning and early-warning metrics to keep NPLs controlled.

This sequencing balances investor growth goals with regulator expectations and ethical leadership, reduces execution risk, and preserves PayNova’s inclusion-centric brand.

### 1) Scope, Approach & Fact Base

- **Scope:** Turn strategic intent into an executable operating model and roadmap covering **McKinsey 7S, governance, risk & compliance, people & culture, technology & data, financial strategy, and change leadership.**
- **Methods:** Leadership interviews; functional deep-dives (Product, Risk, Compliance, Engineering, Operations, Finance); 7S diagnostic; risk heat-map; maturity assessment (KYC/AML, model risk, cyber/privacy); KPI baselining; implementation design.
- **Working assumptions:** 2024 revenue ~GH¢80m; small net profit (~5% margin); NovaCredit typical ticket GH¢50– GH¢1,000; NPL target <5%; ~1.5m registered users (~800k MAU); strong reliance on telco rails/agents; BoG and Data Protection Commission expectations rising.

### 2) 7S Alignment Blueprint (What must change inside PayNova)

1. **Strategy** – Scale deliberately – deepen Ghana and differentiate now, pilot one regional market later.
2. **Structure** – Shift to a light matrix with a Project Management Office (PMO), Internal Audit and Model Risk oversight.
3. **Systems** – Upgrade lending/compliance stacks, data and model monitoring, and zero-trust privacy-by-design across the platform.
4. **Shared Values** – Institutionalised fairness, transparency, and inclusion via a public Fairness Charter.
5. **Skills** – Recruit key leaders (Chief Operating Officer (COO), Model Risk) build model-risk data-governance capabilities; upskill managers.
6. **Staff** – Add targeted capacity (compliance, collections, support, merchant success) strengthen retention with mission and learning and development.
7. **Style** – Move to delegative data driven leadership using kotter’s change cadence, townhalls and celebrated short-term wins.

### 3) Governance, Risk & Ethics (Turning scrutiny into an advantage)

- **Board & Committees:** Strengthen **Audit & Risk Committee**; add an **independent director** with digital lending/regulatory expertise; institute annual Board effectiveness reviews.
- **Model Risk Governance:** Three lines of defence; independent validation of credit models; fairness testing (e.g., demographic parity/equal opportunity metrics), with action triggers and documentation of overrides/adverse actions.
- **Customer Data & Privacy:** “No-surprises” policy—no sale of personal data; privacy notices in clear language; opt-out choices; external penetration tests; incident playbook with 72-hour reporting.
- **Conduct & Collections:** Replace or tightly oversee any third-party recovery partners; standardise scripts, hardship protocols, and complaint resolution SLAs.
- **Regulatory Engagement:** Quarterly touchpoints with BoG & Data Protection Commission; share progress dashboards; co-create pilots (e.g., e-Cedi sandbox).

#### 4) Financial Strategy Enablers (Fuel growth, protect the core)

- **Profit Discipline:** Keep operating cost-to-income on a glidepath toward ~70% by FY2026 via scale economies, automation (tier-0 chatbots), and partner-term renegotiations.
- **Loan Book Funding:** Stand up a **warehouse line** or **SPV/securitisation** to recycle capital; align provisioning to vintage curves; cap product growth to NPL and fairness gates.
- **Metrics:** Track **LTV/CAC ( $\geq 3x$ )**, **EBITDA positive** trajectory, **NPL <5%**, **coverage ratio >100% of expected loss**, and liquidity buffers  $\geq 6$  months operational expenses.
- **Series C readiness:** If regional pilot succeeds, prepare a targeted raise (blend of equity + venture debt) with a clear use-of-funds tied to proven unit economics.

#### 5) Phased Implementation Roadmap (18 months)

Phase	Timeframe	Outcomes & Key Milestones	Owners
<b>Gate 0 – Mobilise</b>	Weeks 0–2	Appoint PMO; confirm workstreams; approve risk appetite; agree KPI pack & reporting cadence.	CEO, COO (interim), PMO Lead
<b>Phase 1 – Stabilise Controls</b>	0–90 days	Internal Audit charter; Model Risk Committee live; KYC/AML orchestration uplift; collections oversight fixed; publish AI Fairness Plan; privacy Data Protection Impact Assessment (DPIA) embedded; uptime Service Level Objectives (SLOs) and incident playbook live. Early wins: BoG check-in—no critical gaps.	DDoS Response Team (DRT) Exec, CFO, CTO, Head Compliance
<b>Gate 1</b>	Day 90	Board review: controls green, NPL trend stable/improving, fairness metrics in tolerance.	Board A&RMC
<b>Phase 2 – Deepen Ghana</b>	90–180 days	Rural & secondary city push; merchant/agent expansion; susu & agri features live; reliability $\geq 99.95\%$ ; complaint SLA $\leq 48h$ ; NPS +10 pts.	Global Business Unit (GBU) Lead, Head Merchant
<b>Phase 3 – Differentiate</b>	6–12 months	Launch SME/merchant stack (light POS, inventory finance, micro-insurance pilot); e-Cedi readiness; model monitoring v2; analytics monetisation pilot (privacy-safe).	CTO, Head SME Product, Risk
<b>Gate 2</b>	Month 12	Internal “go/no-go” for regional pilot: control health green; Ghana unit economics validated; partner MOU signed.	ExCo, Board
<b>Phase 4 – Regional Pilot</b>	12–18 months	Launch partnership-led pilot in one market (e.g., Liberia/Côte d’Ivoire) focusing on remittances first; localised KYC; small on-the-ground team; regulator MOU.	Growth & Markets Lead, Country Pilot Lead

## 6) KPIs & Targets

**Financial:** Revenue growth 30–40% YoY; EBITDA >0 by Q4-2026; Lifetime Value of a Customer/Cost of Acquiring that Customer LTV/CAC  $\geq 3x$ ; cost-to-income  $\leq 75\%$  by Q2-2026  $\rightarrow \leq 70\%$  by FY2026.

**Customer/Trust:** MAU  $\geq 1.1m$  by Q2-2026; Net Promoter Score (NPS) +10 pts; complaint resolution  $\leq 48h$ ; incident **Mean Time to Recovery/Resolve/Respond** (MTTR)  $\leq 60m$ ; uptime  $\geq 99.95\%$ .

**Risk & Compliance:** NPL <5%; vintage loss curves within appetite; zero **critical** audit findings; AML **Suspicious Transaction Report** (STR) processed within SLA; model fairness:  $\leq 2pp$  adverse gap on approved fairness metrics; privacy incidents = 0.

**Internal/People:** Managerial bench filled (COO, Model Risk, SecOps, Country Lead); voluntary attrition of critical tech talent <10%;  $\geq 30$  hrs/employee Learning and Development (L&D) p.a.

## 7) Operating Model & Roles

- **Board (A&R Committee):** Approves risk appetite; oversees audit, model risk, data privacy; Gate 1/2 decisions.
- **CEO:** Owns overall outcomes; stakeholder alignment; capital strategy.
- **COO (new):** Delivery of roadmap; PMO & operations scale; incident/continuity.
- **DRT Executive:** Model risk, compliance, credit policy, privacy/security, internal audit liaison.
- **GBU Lead:** Ghana P&L; distribution, merchant/agent growth; customer outcomes.
- **Growth & Markets Lead:** Regional pilot; partner management; localisation.
- **CFO:** Funding strategy (warehouse/SPV), provisioning, KPI integrity.

## 8) Risks & Mitigations

- **Execution overload:** Prioritise via Gate 0 plan; limit WIP; PMO disciplines; clear decision rights.
- **Talent scarcity:** Early offers for critical roles; competitive comp; mission-centric Employee Value Proposition (EVP); succession plans.
- **Regulatory change:** Quarterly regulator dialogues; design-for-compliance; rapid policy updates.
- **Telco dependency:** Multi-homing across channels; build independent agent capability; negotiate SLAs.
- **Fairness or data incident:** Continuous monitoring; external audits; transparent customer recourse; tabletop exercises.

## 9) Investment Envelope (High-level)

- **One-off transformation Opex/Capex (12–18 months):**
  - Systems uplift (KYC/AML, model registry/monitoring, observability, security tooling): **GH¢12–16m**
  - Talent (senior hires, interim specialists, L&D): **GH 6–8m**
  - PMO & change (communications, training, audits): **GH¢2–3m**
  - **Total indicative: GH¢20–27m** (phased, tied to gates; refine after vendor selection)

## 10) Immediate Board Decisions (Next 2 weeks)

1. Approve **Governed Scale-Up** sequence and **Risk Appetite Statement**.
2. Approve creation of **COO, DRT Executive, Internal Audit** and **Model Risk Committee**.
3. Approve **Gate 0** mobilisation plan and KPI pack.
4. Authorise CFO to explore **warehouse/SPV** options (non-binding MOUs) and present term sheets at Gate 1.
5. Mandate quarterly public **Trust & Fairness updates** (high-level) to reinforce brand leadership.

### Closing Note

PayNova's advantage is not only its growth to date, but the **credibility** to grow further while protecting customers and the financial system. By executing this blueprint—stabilise, deepen, differentiate, then expand—PayNova can satisfy investors' scale ambitions, meet regulators' standards, and earn enduring customer trust.

### Prepared by:

**Ama Osei-Akan**

Partner, Akan & Partners Strategy Advisory

(With contributions from the A&P Financial Services & Risk Practice)

## ADDITIONAL INFORMATION

Following PayNova strategic options in Table 1, the finance team has prepared a 2026 forecast profit statement for the Ghana core business using marginal costing:

	<b>GH¢ '000</b>
Sales revenue	120,000
Less variable costs (at <b>38% of revenue</b> )	45,600
<b>Contribution</b>	<b>74,400</b>
Less fixed operating costs (tech, ops, compliance, admin)	66,000
<b>Profit</b>	<b>8,400</b>

Senior Management is considering the four strategic options.

### **Option 1 – Focused Domestic Penetration**

- Budgeted revenue effect: **+15%**, but **3% giveaways**.
- Additional fixed marketing & expansion support: **+GH¢8,000,000**.

### **Option 2 – Selective Regional Expansion (pilot year)**

- Budgeted revenue effect: **+35%** (pilot in one market with cross-border remittances).
- Fintech engineers' wages: **-15.5%** (reduced switch/FX/partner fees).
- Additional set-up & local support team costs: **+GH¢22,000,000**.

### **Option 3 – Innovation Leadership (SME/merchant stack)**

- Budgeted revenue effect: **+10%** (pricing/mix uplift from SME products).
- Additional System automation and efficiency cost: **+20%**
- Additional R&D/product costs: **+GH¢12,000,000**.

### **Option 4 – Controlled Growth (governance & efficiency first)**

- Budgeted revenue effect: **+5%** (slower growth).
- Variable cost ratio: **34% of revenue** (better risk/ops, lower losses).
- Additional fixed governance & security investments: **+GH¢8,000,000**.

## QUESTION ONE

- a) By late 2025, PayNova has grown rapidly on the back of its key resources. As it considers a governed scale-up, understanding which resources truly underpin its edge - and whether they translate into competitive competence - is critical.

**Required:**

Assess PayNova's current environmental, social and governance (ESG) policies, and recommend improvements that will help the Company build and sustain a competitive advantage. **(10 marks)**

- b) In the coming years, PayNova must scale responsibly while facing investor pressure, tighter regulation and ethical scrutiny of its lending algorithms - amid rising competition and telecom dependencies. The volatile nature of the industry requires PayNova to adapt to stay competitive. Johnson and Scholes have suggested a six-step approach to achieving competitive advantage through the use of CSFs. Additionally, keeping an eye on competitors is critical in a fast-paced fintech industry, hence, benchmarking is useful for firms to stay ahead.

**Required:**

- i) Explain **TWO** Methods of benchmarking to PayNova management. **(4 marks)**
- ii) Using evidence from the case, apply Johnson & Scholes' six-step approach to derive Critical Success Factors (CSFs) that can secure competitive advantage for PayNova in 2026. **(6 marks)**

**(Total: 20 marks)**

## QUESTION TWO

- a) PayNova's Board is initiating a 'risk profiling' or 'risk mapping' exercise for 2026 as the company scales Wallet/Payments, NovaCredit, and SME services amid tighter BoG oversight and intensifying competition. Management has engaged you as a consultant to help profile and prioritise the firm's enterprise risks using an accepted framework.

**Required:**

Using a simple risk map, identify **FOUR** risks and explain where mitigation or control measures are needed the most, and where the need for control measures for internal weaknesses should be reviewed periodically. **(8 marks)**

- b) PayNova offers a multifaceted digital financial platform and has become a notable player in Ghana's fintech scene. Growth certainly does not happen without risks. Managing identified risks is an essential part of business strategy.

**Required:**

In reference to the case, explain how PayNova has managed to control business risk using the **FOUR** basic approaches to the management of business risks. **(8 marks)**

- c) Some of the risk management policies described in (a) and (b) above can be seen as four different approaches to risk management, which can be used to identify alternative strategies. These four approaches are known as the TARA framework for risk management.

**Required:**

Identify and explain an example of each of the TARA framework for risk management.

**(4 marks)**

**(Total: 20 marks)**

**QUESTION THREE**

- a) PayNova must prioritise investment between its two main SBUs Wallet/Payments and NovaCredit. Management has asked for a portfolio view to guide resource allocation.

**Required:**

Using data from the case, position (i) Wallet/Payments and (ii) NovaCredit on the GE/McKinsey Directional Policy matrix, and draw one resource-allocation implication for each SBU.

**(10 marks)**

- b) PayNova has introduced NovaCredit, a micro-credit facility integrated into its digital wallet platform. The service aims to provide quick and accessible credit to small business owners and informal sector workers, many of whom are underserved by traditional banks. With growing competition in Ghana's fintech space, the success of NovaCredit depends on how well PayNova positions the product in terms of customer value and pricing strategy.

**Required:**

Using the broad strategic groups of Bowman's Strategy Clock, evaluate which **TWO** positions PayNova should adopt to ensure the success of NovaCredit. Support your answer with relevant arguments from the case.

**(10 marks)**

**(Total: 20 marks)**

## QUESTION FOUR

- a) PayNova is evaluating four strategic options for 2026 against its Ghana core business, which is currently forecast using marginal costing.

**Required:**

For each scenario (Original estimate and Options 1–4), calculate:

- i) The Net Profit **(8 marks)**
- ii) The break-even revenue (GH¢) **(2 marks)**
- iii) The margin of safety as a percentage **(2 marks)**
- iv) Briefly comment on which option shows the best balance between growth headroom and break-even risk. **(2 marks)**

*(Show clear workings and present answers in a columnar format for comparability. Taxation/financing effects can be ignored for this question).*

- b) Explain **THREE** key elements of an effective working capital and liquidity management framework appropriate for PayNova in 2026. **(6 marks)**

**(Total: 20 marks)**

## QUESTION FIVE

a) As PayNova matures into a regulated fintech firm and explores a possible future public listing, its Board of Directors has evolved to reflect good corporate governance practices. The current board includes founders, investor representatives, and independent non-executive directors (NEDs), including a former Ghanaian bank CEO and a legal/governance expert. In 2025, the board established key subcommittees such as an Audit & Risk Committee and a Remuneration & Nominations Committee.

i) **Required:**

Explain any **TWO** roles of non-executive directors in promoting effective corporate governance. **(4 marks)**

ii) Evaluate how PayNova's use of board subcommittees aligns with good governance practices. Provide examples from the case to support your answer. **(6 marks)**

b) PayNova has recently come under increasing regulatory scrutiny, particularly from the Bank of Ghana and the Data Protection Commission, due to its rapid expansion and scale of operations. The company's micro-lending product, NovaCredit, raises concerns about algorithmic fairness and responsible use of customer data. Investors and regulators alike are pressing for stronger internal controls, transparent disclosures, and alignment with good governance practices. As part of its response, PayNova's consultant recommended publishing an AI Fairness & Transparency Plan, enhancing board oversight, and strengthening audit and compliance functions.

**Required:**

i) Explain **TWO** importance of disclosure and transparency in corporate governance, especially for fintech companies operating in Ghana. **(5 marks)**

ii) Identify and explain **TWO** corporate governance frameworks or codes applicable to PayNova in Ghana and discuss how they influence the company's governance obligations. **(5 marks)**

**(Total: 20 marks)**

## SUGGESTED SOLUTION

### QUESTION ONE

a)

- **Environmental Factors**

*Digital Environmental Footprint:* PayNova operates largely through digital platforms which reduce paper usage and physical banking infrastructure, thereby lowering environmental impact.

*Recommendation:* The company should implement measurable environmental sustainability targets such as energy-efficient coding, reducing server energy consumption, and adopting environmentally responsible technology infrastructure.

*Energy Consumption and Data Infrastructure:* Fintech companies rely heavily on data centres and cloud computing which consume significant energy.

*Recommendation:* PayNova should transition to renewable energy-powered data centres and partner with cloud providers that use sustainable energy sources.

*Electronic Waste Management:* Devices such as POS terminals, mobile devices, and IT hardware may contribute to electronic waste.

*Recommendation:* The company should establish an e-waste management programme that ensures responsible recycling and disposal of technological equipment.

*Green Financial Products:* Fintech platforms can influence environmental sustainability through the financial products they offer.

*Recommendation:* PayNova could develop green finance products such as loans for renewable energy adoption, carbon offset payments, or sustainable investment products.

- **Social Factors**

*Financial Inclusion:* PayNova's digital wallet and credit products help expand financial access to underserved populations.

*Recommendation:* The company should expand financial inclusion programmes targeting rural communities, small businesses, and women-owned enterprises.

*Financial Literacy and Customer Education:* Many users in emerging markets have limited knowledge of digital financial services.

*Recommendation:* PayNova should invest in financial literacy programmes to educate users about digital payments, savings, and credit management.

*Customer Protection and Data Privacy:* Fintech firms handle large volumes of sensitive customer data.

**Recommendation:** The company should strengthen data privacy policies, implement robust cybersecurity systems, and ensure transparency in service fees.

**Employee Welfare and Diversity:** Human capital is an important resource for fintech innovation.

**Recommendation:** PayNova should implement fair labour practices, promote workforce diversity and inclusion, and provide continuous training for employees.

**Community Development:** Fintech firms influence economic development through SME financing.

**Recommendation:** The company should increase SME support programs and partner with development institutions to support entrepreneurship.

- **Governance Factors**

**Board Structure and Oversight:** Strong governance structures are necessary as PayNova scales its operations.

**Recommendation:** The company should establish an independent board with strong oversight on risk, compliance, and ESG performance.

**Transparency and Reporting:** Stakeholders increasingly expect companies to disclose sustainability practices.

**Recommendation:** PayNova should publish periodic ESG or sustainability reports detailing environmental impact, social initiatives, and governance practices.

**Regulatory Compliance:** Fintech companies operate under strict regulatory supervision, particularly from the Bank of Ghana.

**Recommendation:** The company should strengthen compliance systems for KYC, AML, and financial regulations.

**Risk Management and Internal Controls:** Rapid growth exposes PayNova to operational, cybersecurity, and financial risks.

**Recommendation:** The company should implement robust internal control systems, cybersecurity frameworks, and enterprise risk management policies.

**Ethical Conduct and Anti-Fraud Policies:** Maintaining ethical standards is crucial for building trust in digital financial systems.

**Recommendation:** PayNova should implement a strong code of ethics, whistleblowing mechanisms, and anti-fraud monitoring systems.

**(3 relevant factors identified and explained @ 2 marks each = 6 marks)**  
**(3 appropriate recommendations linked to factors @ 1.33 marks each = 4 marks)**

b)

i) **Benchmarking Methods for PayNova**

To stay ahead in a fast-paced fintech industry, PayNova should employ benchmarking to gauge its performance and practices. Two useful benchmarking methods are:

**Competitive (External) Benchmarking**

PayNova can compare its key performance indicators and services against **industry peers and competitors**. For example, management might benchmark PayNova's **customer growth, transaction fees, default rates** or app features against other Ghanaian fintechs like ExpressPay, SlydePay, Zeepay, or even mobile money services of large telcos. By identifying gaps (e.g. if a rival offers lower transfer fees or faster onboarding), PayNova can set targets to meet or exceed industry standards. This external benchmarking highlights where PayNova stands in the market and spurs improvements to remain competitive.

**Internal (Historical or Process) Benchmarking:**

PayNova can also benchmark **internally over time or across its product lines**. For instance, it can measure how its Wallet/Payments unit is improving year-on-year in cost-to-income ratio or uptime, or compare the efficiency of its **NovaCredit loan processing vs. Wallet transactions** to identify best practices internally. By benchmarking current performance against past performance or across departments, management can track progress on critical metrics (e.g. reducing variable costs or speeding transaction processing) and ensure continuous improvement. Internal benchmarking helps PayNova set realistic improvement goals based on its own baseline and replicate successful processes across the organization.

**Functional / Best-in-Class Benchmarking**

Compare a specific function to world-class operators in *any* industry (e.g. onboarding time vs. top global neobanks; fraud loss per C1,000 vs. best card processors) to import proven practices into Wallet/Payments and NovaCredit.

**Strategic Benchmarking**

Benchmark business model choices (route-to-market, pricing architecture, SME ecosystem plays, data monetisation stance) against leading African/EM fintechs to inform Option 2 (regional) and Option 3 (innovation) decisions.

**Customer / Experience Benchmarking**

Track NPS, CSAT, CES, app-store ratings, complaint-resolution time, and first-contact resolution vs. peers and global CX leaders; include *journey* metrics (KYC completion time, failed-transaction rate, dispute cycle time).

**Regulatory / Compliance Benchmarking**

Benchmark BoG/Data Protection compliance posture (KYC/AML hit-rate, STR turnaround, privacy DPIA coverage, audit findings per quarter) against bank-grade expectations and the top quartile of Ghanaian PSPs.

### **Capability/Maturity Benchmarking**

Assess tech, risk and security against frameworks (e.g., SRE reliability targets, ISO 27001 controls coverage, model-risk governance maturity, COBIT/ITIL practices) and target next-level maturity over 12–18 months.

### **Process/APQC Benchmarking**

Map critical processes (KYC, loan origination, chargeback handling) to APQC metrics (cycle time, error rate, cost per case) to spot and replicate best internal and external practices.

### **Risk & Fairness Benchmarking**

Compare NovaCredit's NPL vintages, approval/decline fairness metrics (e.g., adverse impact ratios), and early-warning hit-rates to ethical-AI peers to strengthen the "Trust by Design" promise.

### **Market Perception / Brand Benchmarking**

Track aided/ unaided awareness, consideration, and trust indices vs. telco wallets and top fintech brands to steer marketing ROI and inclusion narratives.

**(2 points @ 2 marks each = 4 marks)**

## ii) **Deriving Critical Success Factors (CSFs) via Johnson & Scholes' Six-Step Approach**

Using Johnson & Scholes' six-step method, PayNova's management can identify Critical Success Factors for 2026 to achieve competitive advantage. The process and application (with PayNova evidence) are as follows:

**Identify Key Factors for Success:** Determine what PayNova *must do well* to succeed in the fintech market. Based on the case, critical factors include customer acquisition & trust, innovation in services, regulatory compliance, and risk management. For example, success in 2026 will require maintaining rapid user growth (PayNova aims for >30% revenue growth) while keeping loan defaults low and ensuring platform reliability amid rising competition.

**Determine Actions for Optimal Performance:** For each factor, define what must be done to excel. PayNova must offer high customer value (e.g. low fees, convenient features) to drive adoption, continuously innovate (add new services like investments or insurance), strengthen compliance processes to meet BoG and Data Protection rules, and manage partnerships (with telcos, banks) to avoid service disruptions. Ensuring data security and algorithmic fairness is also crucial to maintain user trust and satisfy regulators in 2026.

**Develop Critical Competences to Support CSFs:** Build the capabilities that allow those actions. For instance, PayNova needs a strong technology and R&D team to roll out new features quickly (leveraging its fast-paced, innovative culture), a robust risk management system (to analyze credit data and monitor defaults), and skilled compliance/legal staff to interface with regulators. These competences support achieving superior performance in each success factor (e.g. an AI/analytics competence underpins both innovation and risk control).

**Establish Key Performance Indicators (KPIs):** Set metrics to measure performance on each CSF. PayNova's KPIs might include monthly active users and customer retention (to gauge market penetration), transaction volume growth and fee revenue (value delivered), loan default rate and non-performing loan ratio (credit risk management), system uptime and security incident count (operational reliability), and compliance metrics such as audit findings or time to implement new BoG directives. For example, management already tracks metrics like cost-to-income and loan non-performance in a balanced scorecard – these serve as KPIs aligned to the CSFs of efficiency and credit risk control.

**Consolidate and Protect Core Competencies:** PayNova should focus on enhancing its core strengths so competitors struggle to copy them. This means deepening its data analytics/AI advantage (e.g. refine NovaCredit's algorithms continuously, accumulate more credit data) and solidifying customer loyalty/network effects (through excellent user experience and merchant integration). By investing in these areas, PayNova makes its success factors (like innovative service and large network) hard to imitate, sustaining its advantage.

**Monitor Results and Benchmark Against Competitors:** Finally, continuously track PayNova's outcomes versus competitors and adjust strategy as needed. For instance, if a rival introduces a new feature or gains market share, PayNova's team should analyze its performance relative to that (e.g. PayNova's 800k active users vs. a mobile money rival's user base) and respond – whether by improving pricing, adding features, or ramping marketing. Regular competitor benchmarking and environmental scanning (e.g. keeping an eye on emerging fintech entrants like Flutterwave/OPay expanding into Ghana) will alert PayNova to shifts in critical success factors, allowing it to tweak its strategy to maintain competitive advantage.

**(6 points @ 1 mark each = 6 marks)**

**(Total: 20 marks)**

#### **EXAMINER'S COMMENTS**

This question examined candidates in three key areas: environmental, social and governance (ESG) policies, critical success factors (CSFs), and benchmarking. Overall, candidates performed well on this question. Question 1(a) required candidates to evaluate PayNova's current environmental, social and governance (ESG) policies and recommend improvements that would enable the Company to build and sustain a competitive advantage. A significant number of candidates performed above average in this part of the question, as most were able to identify the existing ESG policies of PayNova without difficulty. However, many candidates encountered challenges when required to provide appropriate and practical recommendations for improving those ESG policies. Question 1(b) consisted of two further parts. Both parts were generally well answered. In particular, the question on critical success factors was handled well by many candidates, possibly because it has been examined in the relatively recent past.

## QUESTION TWO

a)

### **Risk profiling and mapping**

PayNova should begin with a risk map (impact vs. probability) to prioritize threats. Four key enterprise risks likely are:

**System/Operational Risk (Tech outage or failure):** If its digital wallet or credit platform fails, customer trust and revenue would drop sharply. This is high-impact and, given rapid scaling, moderately high probability (complex systems often face issues). Thus it falls in the high-impact/high-probability quadrant, requiring strong mitigation (e.g. redundant servers, disaster-recovery plans).

**Cybersecurity/Data Breach Risk:** Fintechs face constant hacks. A breach could have devastating impact (customer data loss, regulatory penalties) and relatively high likelihood. This also lies in high/high. Immediate controls (encryption, firewalls, security audits) are needed to mitigate this risk.

**Regulatory/Compliance Risk:** With tighter BoG oversight, non-compliance (e.g. KYC/AML failures, license breaches) could mean fines or license loss. Impact is high; probability depends on current controls but could be medium. If treated as high-impact/medium-probability, mitigation is critical: implement compliance programs, regular audits and staff training.

**Credit Risk (NovaCredit loans):** If PayNova's credit service lends to SMEs, defaults could harm profitability. Impact can be high (bad debts), but probability may be moderate/low if they screen well. This risk might be high-impact/low-probability. Here, controls (strict underwriting, diversified loan portfolio) should be in place but can be periodically reviewed as data accumulates.

**(4 relevant points @ 2 marks each = 8 marks)**

b) **Four basic approaches to business risk**

Risk management uses four basic responses: **Avoid, Transfer, Mitigate (Reduce), and Accept (Retain)**. PayNova's strategy likely includes examples of each:

**Avoid:** PayNova can avoid certain high-risk activities altogether. For instance, it might choose not to enter highly volatile markets or launch products outside its expertise. If a new payment technology (e.g. unregulated crypto token) seems too risky, PayNova may simply avoid offering it. (Risk avoidance means eliminating exposure to that risk.) This protects against very high-impact threats it cannot tolerate.

**Transfer:** Some risks can be shifted to others. PayNova may transfer cyber or operational risks by purchasing insurance (e.g. cyber insurance to cover breach costs) or outsourcing parts of its infrastructure to reliable tech providers. It might

also partner with established banks or networks (sharing some compliance/banking risk). Transfer is “most commonly done through insurance” or contractual arrangements. Thus, paying a premium to insurers or outsourcing non-core services moves those risks off PayNova’s books.

**Mitigate/Reduce:** This is PayNova’s main approach for many risks. Mitigation means putting controls in place to lessen impact or likelihood. Examples: deploying robust cybersecurity measures, encrypting customer data, implementing strong KYC/AML processes, and diversifying the product mix so a failure in one area doesn’t sink the company. For credit risk, thorough loan vetting and collateral requirements reduce default exposure. For operational risk, rigorous quality assurance and continuous system testing mitigate system failures. Education (training employees) and compliance programs are also mitigation tactics mentioned in best practices.

**Accept (Retain):** Some minor risks are simply accepted. For example, PayNova might tolerate a low level of payment fraud as a cost of doing business (with the expectation that monitoring catches most). Or it might accept small currency fluctuation risks without hedging. Accepting risk means acknowledging it and having contingency plans (e.g. retaining cash reserves). In short, PayNova would “retain” non-transferable, low-impact risks while ensuring it can absorb occasional losses (e.g. setting aside a contingency fund).

**(4 points @ 2 marks each = 8 marks)**

c) **TARA framework examples**

The TARA framework (Transfer, Avoid, Reduce, Accept) aligns risk response to probability/impact. Examples:

**Transfer (T):** *Example:* PayNova might **insure** its e-money platform against cyberattacks or hire a cloud provider with guaranteed uptime, thereby sharing the risk with insurers or partners. (In the electric car example, automakers share EV development costs to transfer risk.)

**Avoid (A):** *Example:* If the probability and impact of a risk are both high (e.g. lending to a fraudulent sector), PayNova could avoid it by refusing certain loan applications or not entering unregulated markets. (Just as Tesla avoids Bitcoin due to its crash risk, PayNova avoids product lines that threaten core operations.)

**Reduce (R):** *Example:* For risks PayNova chooses to face, it reduces exposure by implementing controls. For instance, it can improve internal controls in credit underwriting (similar to strengthening controls to reduce financial mismanagement) or add multi-factor authentication to reduce fraud. In TARA terms, this is “reducing the likelihood or impact of critical risks”.

**Accept (A):** *Example:* If both probability and impact of a risk are low (e.g. minor technology glitches or small currency swings), PayNova may accept it. For such

tolerable risks, it might simply monitor the outcome without heavy investment in mitigation (like tolerating minor cost fluctuations in a project).

**(4 points @ 1 mark each = 4 marks)**

**(Total: 20 marks)**

### **EXAMINER'S COMMENTS**

This question was generally the best answered in this Paper. This may be attributed to the fact that two sub-questions, 2(b) and 2(c), covered closely related concepts. Specifically, candidates were required to explain the four basic approaches to risk management (avoidance, transfer, mitigation (reduction), and acceptance (retention) and to apply the TARA framework (Transfer, Avoid, Reduce, Accept) in managing identified risks. Most candidates demonstrated a sound understanding of these concepts.

Question 2(a) required candidates to profile four key risks facing PayNova by identifying them and explaining where mitigation or control measures would be most critical. The principal risks relevant to PayNova, as a fintech company, included operational/system risk, cybersecurity/data breach risk, regulatory/compliance risk, and credit risk. While many candidates were able to identify these risks, a significant number did not adequately explain which of the risks required the most urgent or robust mitigation measures within the context of the Company's operations.

### QUESTION THREE

- a) **Portfolio Analysis: Positioning PayNova's SBUs on the GE/McKinsey Matrix**  
PayNova's two main Strategic Business Units (SBUs) – wallet/payments and Novacredit (digital lending) – should be evaluated on the GE/McKinsey 9-cell **matrix** dimensions: *industry attractiveness* and *business unit competitive strength*. Using case data:

#### **Wallet/Payments SBU - High Industry Attractiveness, Moderate Competitive Strength:**

**Assessment of Industry Attractiveness:** The digital payments sector in Ghana is highly attractive. It is large and growing rapidly: the total value of mobile/digital transactions in 2024 grew **52%** to GHS 3.02 trillion, reflecting strong market growth and a supportive cash-lite policy environment. Consumer adoption of e-wallets is rising with urbanization and a young tech-savvy population (opportunity). However, industry rivalry is intense – dozens of fintechs and telecom operators compete in payments, and new entrants (including foreign fintech giants) are eyeing Ghana, which could squeeze margins.

**Assessment of Competitive Strength:** PayNova's competitive strength in this arena is moderate. On one hand, PayNova is a notable player with 1.5+ million **users** and unique features like bank interoperability and local-language support. These capabilities give it a competitive edge in niche customer experience. On the other hand, it faces very resource-rich rivals (e.g. MTN's Mobile Money, established banks) and must continually fight for market share via promotions and innovation. Overall, Wallet/Payments sits in a segment of high attractiveness (high growth potential) but PayNova's relative strength is medium (a strong fintech brand but not the market leader over telcos).

**Matrix position:** this SBU likely falls into a middle quadrant (e.g. "Selective Growth" or "Hold" strategy).

**Resource Allocation Implication:** PayNova should continue to invest in Wallet/Payments but selectively and efficiently. The company should focus on defending its user base and differentiating via features and partnerships (such as more merchant integrations) rather than indiscriminately spending for growth. For example, continuing to improve usability (USSD access, bill pay integrations) and managing costs will help maintain its position. This SBU can generate cash and moderate growth to fund other ventures, so management should invest to protect and incrementally grow Wallet services while watching profitability.

#### **NovaCredit SBU - High Industry Attractiveness, High Competitive Strength:**

**Assessment of Industry Attractiveness:** The digital micro-lending market targeting the underbanked in Ghana is also attractive. There is a vast underserved population of informal workers and small traders who need credit – a structural gap that NovaCredit addresses. As Ghana's economy grows and financial inclusion efforts continue, demand for micro-loans is expected to rise. While

regulatory scrutiny on lending is increasing (to ensure responsible lending), the revenue potential is significant (NovaCredit already contributes ~30% of PayNova's revenue and is growing). Competition in digital lending exists (other fintech lenders, some banks and MFIs), but PayNova's competitive position in this niche is relatively strong.

**Assessment of Competitive Strength:** NovaCredit is a flagship, differentiated by its AI-based credit scoring and fast, convenient loans delivered via mobile (even on basic phones). It has been a major draw for new users to PayNova's platform, indicating customers perceive it as a superior offering. PayNova has effectively tailored NovaCredit to a niche (informal segment) and combined affordability + innovation, giving it an edge over many competitors who may charge higher rates or lack such data-driven underwriting. Thus, NovaCredit sits in a highly attractive market where PayNova holds a strong competitive position (a differentiated product with growing adoption).

**Matrix position:** this SBU would fall in the "Grow/Invest" quadrant (high industry attractiveness, high strength).

**Resource Allocation Implication:** PayNova should invest aggressively in NovaCredit. This could mean allocating more funding to the loan book and analytics, scaling up marketing to reach more unbanked users, and enhancing the lending algorithm. For instance, PayNova may need to secure additional capital (debt or equity) to support a larger volume of micro-loans - a worthwhile investment given NovaCredit's high margin potential and user acquisition benefits. The company should also invest in risk management resources here (to keep default rates controlled as volumes grow). Overall, NovaCredit merits priority in resource allocation due to its strong prospects and PayNova's competitive advantage in this domain.

(2 points @ 5 marks each = 10 marks)

b) **Strategic Positioning for NovaCredit - Bowman's Strategy Clock**

Bowman's Strategy Clock outlines several broad strategic positions based on price and perceived value. For NovaCredit's success in Ghana's fintech space, PayNova should adopt strategies that provide high customer value while remaining cost-competitive. The two recommended positions on Bowman's clock are: Hybrid Strategy and Differentiation Strategy.

- **Hybrid Strategy (Low Price plus Differentiation):** A Hybrid strategy means offering products at a competitive (low) price while also providing differentiated value. NovaCredit is well-suited to a hybrid approach, and indeed PayNova has been executing this implicitly. The case shows NovaCredit combines "affordability with convenience and innovation," offering reasonably priced micro-loans alongside superior features (instant disbursement, easy in-app repayment tracking, availability via smartphone or basic phone). By keeping interest rates and fees low or moderate (to attract price-sensitive informal customers) and simultaneously differentiating through technology (AI credit scoring, quick

service) and accessibility, PayNova delivers exceptional value. This hybrid positioning helps undercut traditional lenders (who might charge more or take longer) and fend off competitors who might match on price but lack PayNova's service quality. It creates a value proposition where customers perceive NovaCredit as both cost-effective and high-quality, fostering loyalty. For example, many Ghanaians joined PayNova "specifically to access" NovaCredit loans, indicating that its mix of fair pricing and unique features is a winning formula. A hybrid strategy should enable PayNova to grow NovaCredit's user base rapidly (through attractive pricing) while still earning trust and differentiating on user experience – a balance that is hard for competitors to replicate easily.

- **Differentiation Strategy:** In addition to competitive pricing, PayNova should emphasize a broad differentiation strategy for NovaCredit. This entails offering a product that is distinctive in the market on attributes other than price – e.g. superior convenience, trust, and customer focus – even if priced at a normal or slightly lower-than-average level. NovaCredit's differentiation comes from its innovative use of data and customer-centric design. It targets a specific customer pain point (lack of formal credit) and solves it in a unique way: using telecom and wallet transaction data to instantly score creditworthiness, and providing loans in minutes without collateral. Competitors struggle to match this seamless experience. Moreover, PayNova has built differentiation by tailoring NovaCredit to local needs: offering the app in local languages and via USSD for those without smartphones. These features significantly increase perceived value for customers (ease of use, inclusivity). By pursuing a differentiation strategy, PayNova should continue to enhance unique features and trust factors: for instance, ensuring its lending algorithm is fair and transparent can become a differentiator (being known as the "responsible" or most customer-friendly lender). Given that fintech customers also value security and fairness, being transparent about data use and having strong customer protection will set NovaCredit apart (and address emerging ethical expectations). Differentiation will allow NovaCredit to retain customers even if rivals try to poach them with discounts, because customers value the unique benefits and trust PayNova's brand. In summary, a broad differentiation position – high perceived value (through service quality, innovation, and trust) at a reasonable price – is ideal to ensure NovaCredit's success against both fintech peers and traditional lenders. PayNova should avoid sliding into a pure low-price war, as that could undermine loan portfolio quality and profitability; instead, it must stand out on value while keeping prices within an affordable range (as it has done by offering "reasonably priced credit" with value-adds).

*Why not other positions?* Pure Low Price strategy alone is less suitable – while low pricing is important for NovaCredit's market (price-sensitive customers), competing purely on lowest interest rates could be risky, potentially encouraging high volume of low-quality loans and eroding margins, especially as PayNova must cover credit risk. Conversely, a Focused Differentiation (premium pricing for a niche) is not appropriate because NovaCredit's target segment (unbanked mass market) cannot pay a premium; PayNova's strength is inclusivity, not exclusivity.

Finally, “Failure” strategies (low value or overpricing) are to be avoided as they would make NovaCredit uncompetitive. Thus, Hybrid and Differentiation are the two clock positions that align with case evidence and should be adopted in tandem: NovaCredit should continue to be a best-value service (high value/low cost) which will secure its success in Ghana’s fintech arena.

**(2 points @ 5 marks each = 10 marks)**

**(Total: 20 marks)**

### **EXAMINER’S COMMENTS**

This question assessed candidates’ knowledge and application of the GE/McKinsey Matrix as a portfolio analysis tool, as well as their understanding of Bowman’s Strategy Clock. Question 3(a) required candidates to apply the GE/McKinsey Matrix to evaluate and position PayNova’s two strategic business units (SBUs), namely the Wallet/Payments SBU and the NovaCredit SBU. Question 3(b) required candidates to apply the broad strategic groupings within Bowman’s Strategy Clock to determine the two most appropriate strategic positions for the NovaCredit SBU, supported by relevant arguments drawn from the case.

Overall, performance on this question was very poor. A substantial number of candidates demonstrated little or no understanding of how to apply the GE/McKinsey Matrix to position the SBUs, despite the availability of sufficient relevant information within the case scenario.

Similarly, in Question 3(b), many candidates were unable to identify and justify the most appropriate strategic positions for the NovaCredit SBU using Bowman’s Strategy Clock. Instead, a significant number of candidates provided general discussions of the various strategic options within the model, rather than selecting and evaluating the specific strategies required by the question. This indicates a lack of precision in addressing the requirements of the question.

## QUESTION FOUR

a)

### i) Computation of net profit

	Original	Option 1 Focused Domestic	Option 2 Regional Pilot	Option 3 Innovation	Option 4 Controlled Growth
	GH¢ '000	GH¢'000	GH¢ '000	GH¢ '000	GH¢ '000
Sales revenue	120,000	133,860	162,000	132,000	126,000
Variable costs	45,600	50,867	52,018	50,160	42,840
Contribution	74,400	82,993	109,982	81,840	83,160
Fixed costs	66,000	74,000	88,000	91,200	74,000
Net Profit	8,400	8,993	21,982	(9,360)	9,160

*(5 ticks @0.3 per tick for each option OR 1.5 marks per option = 7.5marks; 0.5 marks for workings = 8 marks)*

	Original	Option 1	Option 2	Option 3	Option 4
CMR (= 1 - VC%)	62.0%	62.0%	67.9%	62.0%	66.0%
ii) Break-even revenue = (Fixed ÷ CMR)	106,452	119,355	129,621	147,097	112,121
iii) Margin of safety % =((Sales-BE)/Sales)	11.3%	10.8%	20.0%	-11.4%	11.0%

*(Break-even figures rounded to the nearest GH¢ '000; MOS% to one decimal)*

*(Break-even revenue: 0.4 per tick @5 = 2 marks)*

*(MOS: 0.4 per tick @5 = 2marks)*

### iv) Brief comment

**Option 2** offers the best balance: the highest profit ( $\approx$  GH¢ 21,982, 000) and the largest safety buffer (MOS  $\approx$  20.0%), thanks to both stronger revenue and a lower effective variable-cost ratio (CMR  $\approx$  67.9%).

*(2 marks)*

### b) Key Elements of a Working Capital & Liquidity Management Framework

In 2026, as PayNova scales, managing working capital and liquidity is crucial. Three key elements of an effective framework for PayNova are:

- **Cash Flow Forecasting and Liquidity Planning:** PayNova must continuously forecast its cash inflows and outflows to ensure it can meet obligations like customer withdrawals and operational expenses. This involves projecting cash from transaction fees, loan repayments, etc. against cash needs (loan disbursements, agent commissions, vendor payments). Given PayNova's growth and the volatile fintech environment, maintaining adequate liquidity buffers is

essential. For example, the company might target a liquidity reserve equal to at least 6 months of operating expenses. PayNova has financed growth through equity and a bank credit line for NovaCredit; a robust liquidity plan would include securing additional funding sources in advance (e.g. arranging an extended credit facility or preparing for a Series C capital raise) to fund the expanding loan book without cash strain. Regular cash forecasting will help avoid liquidity crunches and ensure the wallet has sufficient float to cover user cash-outs at all times.

- **Receivables (Loan) Management and Credit Control:** In PayNova’s context, working capital management largely involves managing its micro-loan portfolio (NovaCredit) which is akin to accounts receivable. An effective framework will include strict credit control policies to minimise overdue loans and bad debts. This means setting appropriate lending criteria, credit limits and robust collections processes. PayNova is already limiting loan sizes and durations to manage default risk; additionally, it should monitor loan repayment aging daily, send timely reminders to borrowers, and use data analytics to quickly flag and pursue at-risk loans. By keeping the loan default rate low and cash conversion cycle short (loans repaid on time), PayNova ensures that cash keeps flowing back into the business to be reused for new lending or other needs. Efficient receivable management also involves provisioning for expected credit losses – maintaining reserves for bad loans – so that unexpected spikes in defaults do not impair PayNova’s liquidity. In summary, turning loans into cash promptly through diligent credit management is a vital element of working capital governance for 2026.
- **Payables Management and Funding Strategy:** PayNova should also manage its payables and short-term obligations strategically to preserve liquidity. This includes timely but optimised settlement of obligations – for instance, paying merchants or suppliers on agreed terms (not earlier than necessary) to maximize the use of cash on hand, while maintaining goodwill. Since PayNova likely has to pay telecom partners or agent commissions, negotiating favorable terms (such as a few days of float on transactions) can improve working capital. Moreover, a sound framework encompasses maintaining access to short-term funding and capital to meet growth needs. PayNova’s treasury should ensure that the company can draw on backup credit lines or raise short-term debt if there are liquidity shortfalls. As noted, PayNova has a bank line of credit to support NovaCredit – ensuring this facility remains in place or even expanding it as the loan portfolio grows will be important. Additionally, PayNova may consider techniques like securitising part of the loan portfolio or partnering with financial institutions to fund loans, which would convert receivables to immediate cash and reduce liquidity pressure. By actively managing payables and securing funding sources, PayNova can balance its working capital cycle – delaying outflows where prudent and accelerating inflows – thus maintaining healthy liquidity in 2026.

**(3 points @ 2 marks each = 6 marks)**

**(Total: 20 marks)**

## EXAMINER'S COMMENTS

This question examined candidates on the financial management component of the syllabus. Overall, performance was below expectations. It appeared that a significant number of candidates were inadequately prepared in this area, possibly due to a perceived difficulty associated with financial management topics.

Question 4(a) required candidates to analyse four strategic options using provided financial data and compute net profit, break-even revenue and margin of safety. A considerable number of candidates performed poorly in this part. Errors in calculations were widespread and largely stemmed from a lack of understanding of a fundamental accounting principle. Specifically, where revenue is projected to increase by a certain percentage and a trade discount is subsequently applied, the correct approach is to first compute the increased (budgeted) revenue and then apply the trade discount. However, many candidates incorrectly applied the trade discount to the growth rate before adjusting the base revenue, resulting in inaccurate computations.

Question 4(b) required candidates to explain three key elements of an effective working capital and liquidity management framework appropriate for PayNova in 2026. Despite the relatively straightforward nature of the question, many candidates were unable to provide accurate and relevant responses, leading to generally low scores in this section.

Overall, the performance on this question highlights the need for candidates to strengthen both their conceptual understanding and application of financial management principles.

## QUESTION FIVE

a)

i) Non-executive directors play a pivotal role in upholding strong corporate governance, especially as PayNova matures. Key roles of NEDs include:

- **Independent Oversight and Board Balance:** NEDs are independent of management and provide unbiased oversight of the company's performance and strategy. They challenge executive decisions and ensure that the interests of shareholders and other stakeholders are protected. In PayNova's case, the inclusion of independent NEDs – such as a former bank CEO and a legal/governance expert on the board – means the board has seasoned professionals who can question management's fintech growth plans, lending practices, and risk controls from an objective standpoint. This helps prevent "groupthink" and ensures robust discussion before key decisions.
- **Expert Advice and Strategic Guidance:** NEDs often bring specialised experience and external perspectives. For example, PayNova's independent directors include a former Ghanaian bank CEO who can advise on banking regulations, risk management, and scaling financial services, and a legal/governance expert who can guide compliance and governance best practices. Their knowledge complements the executives' tech entrepreneurial skills, leading to more informed strategy. NEDs also contribute to strategy development, drawing on their backgrounds to guide PayNova's expansion and ensure it's done prudently.
- **Monitoring Performance and Risk:** NEDs serve on key board committees (like Audit & Risk) to monitor financial reporting, internal controls, and risk management. They ensure that management is implementing adequate systems to manage risks and that the company's financial disclosures are accurate. At PayNova, NEDs on the Audit & Risk Committee will scrutinize the integrity of financial statements and the robustness of risk controls around things like NovaCredit's loan portfolio and data security (areas of regulator focus). This independent monitoring by NEDs bolsters stakeholder confidence that the company is well-governed.
- **Ensuring Accountability and Ethical Governance:** NEDs help uphold ethical standards and accountability at the top. They can evaluate the performance of the CEO and executive team, and even influence executive remuneration and succession (often through the Remuneration/Nominations Committee). By doing so, they align management's incentives with long-term company interests. For instance, PayNova's move to tie management bonuses to a balanced scorecard (not just growth, but also risk and compliance metrics) likely had board (and NED) input, ensuring executives are accountable for sustainable performance, not just aggressive expansion. NEDs also champion transparency and fairness – values crucial for a fintech dealing with customer trust.

(2 relevant points @ 2 marks each = 4 marks)

- ii) Good corporate governance recommends that boards delegate detailed oversight to specialized committees (composed largely of independent directors). PayNova's establishment of key board subcommittees in 2025 – an Audit & Risk Committee and a Remuneration & Nominations Committee – strongly aligns with these best practices:

**Audit & Risk Committee:** This committee focuses on financial reporting integrity, internal controls, and risk management. PayNova's Audit & Risk Committee allows independent directors (e.g. the former bank CEO, who likely chairs or is a key member given financial expertise) to closely review financial statements, audit findings, and the company's risk profile outside of full board meetings. This aligns with good practice (as per codes like the UK/Ghana corporate governance codes) requiring a separate audit committee to ensure objective oversight of finance and risk. In PayNova's context, having an Audit & Risk Committee is particularly vital: the company is under increasing regulatory scrutiny and faces complex risks (IT, credit, regulatory) as it scales. The committee can ensure that PayNova strengthens its internal controls and compliance systems – for example, by reviewing the effectiveness of controls over NovaCredit's loan approval algorithms and customer data protection. It also oversees external audit and can ensure any issues (like revenue recognition for transactions or provisioning for loan losses) are properly addressed. This dedicated attention to audit and risk matters exemplifies good governance, reinforcing transparency and stakeholder trust. (Notably, the active involvement of NEDs in risk oversight meets the expectations of regulators like BoG, who now mandate robust risk governance for fintechs.)

**Remuneration & Nominations (RemNom) Committee:** PayNova's combined Remuneration and Nominations Committee handles executive pay and board appointments/succession. This aligns with governance best practice by ensuring these sensitive areas are overseen by independent directors rather than left to management. On the remuneration side, the committee can set and review compensation for the CEO and top executives, tying rewards to performance in a fair way. For example, as noted, PayNova's board has tied management bonuses to a broad set of metrics (financial and risk-based) – the RemNom Committee would have structured these incentives to discourage excessive risk-taking and encourage balanced growth, a hallmark of good governance. On the **nominations** side, the committee ensures the board's composition is fit for the company's needs. In PayNova's case, this has meant bringing in independent directors with needed expertise (banking, legal) and investor representatives. The RemNom Committee likely evaluates what skills are lacking and finds appropriate candidates, as well as planning for succession (e.g. if a founder or executive were to step down). This is aligned with codes that call for a formal, objective process to appoint directors and plan senior succession. It's also aligned with regulatory expectations – for instance, new BoG guidelines require succession planning for key executives, which a nominations committee would handle. By having a RemNom Committee, PayNova shows it is committed to fair executive pay and a balanced, qualified board, thereby protecting shareholder interests and sustaining leadership quality.

*(Examples: PayNova's Audit & Risk Committee guiding internal controls improvements in response to BoG oversight, and the RemNom Committee ensuring experienced independent directors (like the ex-CEO) are on the board and that executive rewards encourage compliance and long-term value.)*

**(2 relevant points @ 3 marks each = 6 marks)**

b)

- i) Disclosure and transparency are foundational to good corporate governance, and they are particularly important for a fintech company like PayNova operating in Ghana because:

**Building Trust with Stakeholders:** Fintech companies deal with customers' money and personal data, so transparent operations are critical to gain and retain user trust. By disclosing accurate information about its financial health, risk management, and product practices, PayNova reassures customers, investors, and regulators that it is being honest and prudent. For example, transparently communicating how NovaCredit's algorithm works and how customer data is used (through an **AI Fairness & Transparency Plan** as suggested) can alleviate public concerns about bias or privacy. In Ghana's context, where many users may be new to digital finance, such openness can differentiate PayNova as a trustworthy platform versus opaque competitors.

**Regulatory Compliance and Goodwill:** Regulators like the Bank of Ghana and Data Protection Commission expect companies to be forthcoming with information. Transparent compliance reporting (e.g. timely filing of required reports, disclosure of any system outages or security breaches) demonstrates that PayNova is meeting its governance obligations. This can prevent punitive actions and build a collaborative relationship with regulators. For instance, BoG's fintech guidelines emphasize clear reporting and board oversight; by being transparent, PayNova shows regulators it has nothing to hide, thereby possibly easing the intensity of oversight. In addition, disclosing performance metrics and risk factors in financial statements (as per international best practices/OECD principles) will be essential if PayNova aims to list publicly.

**Investor Confidence:** As PayNova considers a future public listing, it must adhere to high standards of disclosure similar to listed companies. Investors require transparent information to make informed decisions. This includes governance disclosures (board structure, committee reports), financial results, and material risks. Ghana's SEC Corporate Governance Code (2020) specifically requires listed companies to disclose certain governance indicators in annual reports. By voluntarily moving toward those standards now (for example, disclosing how the board is handling data protection or algorithmic fairness issues), PayNova can attract investors and potentially command a better valuation. Transparency in corporate governance (like publishing how the board oversees AI ethics, or

internal control improvements) signals that PayNova is well-governed and reduces the perceived risk for investors.

**Preventing Misconduct and Promoting Accountability:** A culture of transparency internally means issues are more likely to be surfaced and addressed. If PayNova mandates clear documentation and disclosure of decisions, it is harder for unethical practices (like misuse of customer data or improper lending practices) to flourish unnoticed. Public transparency (to stakeholders) also holds management accountable – knowing that outcomes will be disclosed, management is incentivized to act responsibly. For example, if PayNova commits to publicly report its loan default rates and customer satisfaction scores regularly, management will strive to keep those figures strong. In essence, transparency acts as a sunlight disinfectant, deterring fraud and ensuring that the company's operations align with its stated values and policies.

**(2 relevant points @ 2.5 marks each = 5 marks)**

- ii) At PayNova's stage and ambitions, several governance frameworks and codes apply, shaping its governance obligations:

**Bank of Ghana (BoG) Corporate Governance Guidelines for Fintech/Payment Service Providers:** As a licensed fintech (likely a Payment Service Provider under the Payment Systems and Services Act, 2019), PayNova is subject to BoG's regulatory directives on governance. In fact, BoG rolled out new corporate governance standards effective end of 2025 for payment companies. These guidelines require stronger board oversight and clear management structures. For example, BoG now mandates that larger fintechs (like Dedicated Electronic Money Issuers and large PSPs) have at least one-third independent directors on the board, enforce board term limits, and separate roles to avoid conflicts (e.g. a CEO cannot be the board chair of another financial institution). PayNova must align with these: it has already added independent NEDs and established board committees, which positions it well for compliance. The guidelines also require formal succession plans and robust internal controls, meaning PayNova's board must actively work on executive succession and ensure risk/compliance functions are strong (as highlighted by the consultant's recommendations). Additionally, specialized compliance officers reporting to the board are mandated – PayNova may need to appoint, say, a Chief Compliance Officer to report to its Audit & Risk Committee. Non-compliance could result in penalties or enhanced supervision. Thus, BoG's governance framework directly influences PayNova to maintain a high standard board composition, active oversight (via committees), and rigorous control systems in line with banking-sector governance principles.

**Ghana's SEC Corporate Governance Code (2020) for Listed Companies:** While PayNova is not yet listed, it is considering a future public listing, so the SEC's code is highly relevant. This code outlines principles and specific disclosures that listed companies must follow. Key aspects include: separation of Chairman and CEO roles, a majority of board members being non-executive (with a significant proportion independent), establishment of audit and remuneration committees,

regular evaluations of board performance, and transparency in remuneration and risk disclosures in annual reports. If PayNova goes public, it will be obligated to follow these rules. Already, we see PayNova moving in this direction (e.g. forming required committees, bringing in independent directors). The code also requires listed firms to disclose governance practices in their annual reports – for PayNova, this would mean publishing details about its board, committees, risk management and internal controls, and how it ensures shareholder rights. By anticipating these requirements now, PayNova can smooth its IPO process. Essentially, the SEC code pushes PayNova toward greater board independence, formalization of governance processes, and comprehensive disclosure. This influences PayNova to adopt best practices like having a balanced board, documented policies (e.g. a board charter, code of ethics), and ensuring stakeholder engagement (for instance, conducting AGMs and treating minority shareholders fairly when the time comes).

**Ghana Companies Act, 2019 (Act 992):** This Act is the primary law governing companies in Ghana and imposes certain governance obligations on all companies. Key provisions impacting PayNova include duties of directors (to act in the company’s best interest, avoid conflicts of interest), requirements to prepare and file annual financial statements, and to maintain proper records. Notably, Act 992 introduced requirements for beneficial ownership disclosure – PayNova must disclose its true owners (any individuals ultimately owning significant shares) to the Registrar of Companies, enhancing transparency and preventing hidden control (important for fintech given concerns on anti-money laundering). The Act also requires companies above a certain size (public interest entities) to have an audit committee and rotate auditors after a period; if PayNova is classified as such (especially once it takes on more public funding or listing), it must comply. Act 992 further mandates that companies hold annual general meetings (AGMs) and present audited accounts to shareholders. For PayNova, currently venture-funded, this means practicing good financial reporting and governance even before listing – for example, it likely already produces audited financials (as seen by the case financial data) and engages with its investors transparently. The Companies Act influences PayNova by codifying basic governance: it must formalize board decisions (resolutions), keep its share register and minutes in order, and respect shareholders’ rights to information and decision-making. Non-compliance (like failing to file annual returns or disclose required information) can lead to penalties or legal liabilities for directors. In short, Act 992 ensures PayNova’s governance has a strong legal foundation of accountability and transparency.

Other frameworks could also be noted – for instance, the **OECD Principles of Corporate Governance** (while not law, they inspire local codes and emphasize transparency, accountability, responsibility, fairness) and sector-specific guidelines like Ghana’s Data Protection Act (which imposes governance on data handling). However, the three above are directly applicable. By adhering to BoG’s fintech governance guidelines, the SEC’s code for listed companies, and the Companies Act, PayNova not only meets its current obligations but also signals its commitment to global best practices. This alignment influences everything from

its board structure and disclosures to its internal policies, ultimately shaping PayNova into a well-governed company ready for further expansion and possibly the public markets.

**(2 relevant points @ 2.5 marks each = 5 marks)**

**(Total: 20 marks)**

### **EXAMINER'S COMMENTS**

Question 5(a) required candidates to explain any two roles of non-executive directors in promoting effective corporate governance. While some candidates demonstrated adequate knowledge and were able to discuss these roles within the context of PayNova, a significant number appeared to have limited understanding of the question and provided inadequate responses.

Additionally, candidates were required to evaluate the extent to which PayNova's use of board sub-committees aligns with good corporate governance practices, with supporting examples drawn from the case. Although some candidates attempted this part, many responses lacked sufficient depth and failed to incorporate relevant case-specific examples to support their evaluation.

Question 5(b) comprised two parts. Part (i) required candidates to explain the importance of disclosure and transparency in corporate governance, particularly for fintech companies operating in Ghana. This part was generally well answered, with many candidates demonstrating a sound understanding of the concepts. Part (ii), however, required candidates to identify and explain two corporate governance frameworks or codes applicable to PayNova in Ghana and to discuss how these frameworks influence the company's governance obligations. Performance on this part was relatively weak, as many candidates were unable to correctly identify or adequately explain the relevant frameworks.

Overall, while candidates showed some understanding of corporate governance principles, there remains a need for greater emphasis on the application of these principles within specific regulatory and institutional contexts.

### **CONCLUSION**

In conclusion, it is important to note that the questions set were of an appropriate standard and provided adequate coverage of the various aspects of the syllabus. Notwithstanding this, overall performance indicates that many candidates demonstrated a limited understanding of fundamental concepts in strategic management, financial management and corporate governance.

Candidates are reminded that success in the SCS Paper is largely dependent on thorough and consistent preparation, rather than chance. In order to enhance their prospects of success, candidates are strongly advised to commence their studies early, engage comprehensively with the prescribed learning materials, and avoid reliance on last-minute preparation following the release of the pre-seen material.