

POLICY BRIEF

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IN THIS ISSUE

ENDING FAMILY POVERTY: UNLOCKING THE FUNDS OF THE DECEASED BY BENEFICIARIES AND NEXT OF KIN

REMOVING BARRIERS TO PROSPERITY
- ENDING FAMILY POVERTY



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Executive Summary

The total dependency ratio of Ghana stands at 67.4% of the population¹. This denotes that the pressure on the productive population is quite high. Again, 45.6% of the population are multidimensionally poor² and 23.4% are in monetary poverty³. Notwithstanding the fact that global poverty has reduced from 16% in 2010 to 10% in 2015⁴. Addressing and reducing poverty is multifaceted, that every little action that stifle and thwarts the efforts of the very poor person to lift himself out of poverty has a ripple effect on keeping and adding more to the poverty statistics. Laws and solutions to eradicating poverty as a priority of the state have instead ushered many more into poverty. Although there are challenges with inheritance laws in accessing the funds (estate) of the deceased as a beneficiary, next of kin or nominee for financial and economic freedom; its respective impact on economic prosperity of families was missing and made the processes more cumbersome. This has made the inability to access the funds an enormous one leading to family poverty. Notwithstanding the several factors such as unawareness of the legal processes and procedures, bureaucratic administrative barriers from both the statutory and financial institutions, and cost involved in the process, the institutions have deliberately put in place schemes and requests for countless evidences which contribute to the victim's inability to access their benefits. These have made a lot of the victims abandon the process leaving the money with the financial institutions, Insurance, and

¹ <https://knoema.com/atlas/Ghana/topics/Demographics/Dependency-Ratios/Total-dependency-ratio-0-14-and-65-per-15-64>

² https://www.undp.org/sites/g/files/zskgke326/files/migration/gh/UNDP_GH_MPI_Report_2020.pdf

³ <https://ophi.org.uk/multidimensional-poverty-ghana/>

⁴ <https://unstats.un.org/sdgs/report/2020/goal-01/>

SSNIT. In a 6-month field study and consultations, ILAPI identified the endless administrative barriers stifling economic prosperity. However, to prevent and remove the existing red tape and administrative barriers and enhance economic liberty, there should be frequent public awareness campaigns to educate the general populace on the processes involved in accessing funds by the financial institutions themselves, insurance agencies and other relevant stakeholders. The institutions must make conscious effort to provide clear timelines and documentations to access the locked funds to take families out of poverty.

1.0 Introduction

The imperatives of private property are to prevent aggressions and adjudicate disputes, prioritizing the legal rights of citizens. The government since 1970 has capriciously imposed its will on property ownership and transfer of inheritance through burdensome regulations and outrightly taking over funds through the Bank of Ghana in the case of financial institutions, while other entities keep the funds forever. Section 143 of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) states that funds that have been in the Register of Dormant Accounts for 5 years and after advertised, the account shall be transferred to an account earmarked for that purpose at the Bank of Ghana. The government has developed the monopoly to hold funds of individuals and deceased persons who had failed to transact or Next of Kin (NoK) and families who are unable to access the funds through testate, interstate or administrative processes.

In the same vein, the government takes titles of the funds that are locked at the various institutions because the government exercises the powers that are reserved for owners alone. This interference in one's right by the state restricts freedom to

prosper and being poor is the inability to exercise that freedom. Protecting human dignity is a precondition to preventing families and citizens from being added to the poverty statistics. Over the years, accessing the funds or property (estate) of a deceased relative as a beneficiary or next of kin for economic prosperity has been the greatest challenge.

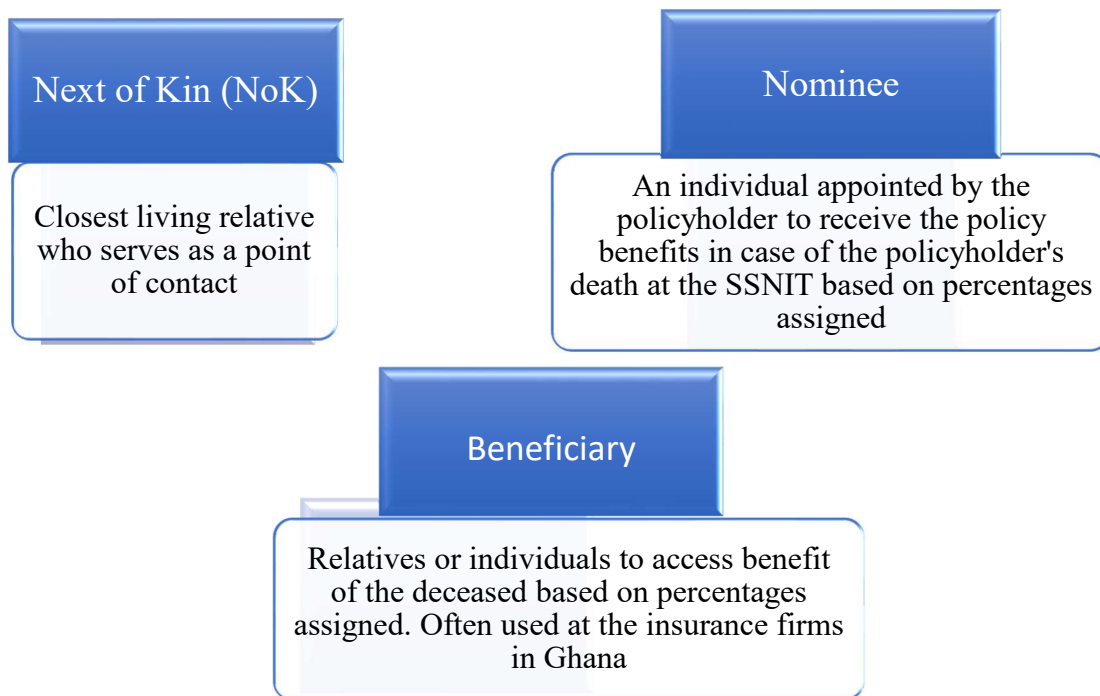
Although such funds are kept by regulators, corporations, and business firms like the Bank of Ghana, financial institutions, insurance companies, and pension entities; the cost and web of information required to access the funds could take months and years. This is because the regulators and other entities fail to disclose the complete information needed to access the funds of the deceased during account opening or subscription forms of investment, insurance policies, pensions, and savings.

Precisely, the banks, insurance companies, and other entities request more details of the account holder, but very few details of the next of kin and no details of the beneficiaries except names, relationship and assigned percentages. The details of the next of kin include name, occupation, place of stay, and telephone numbers. However, more details and other regulatory and documentary shreds of evidence are required of the beneficiaries, next of kin, and nominees by the banks, insurance, and Social Security and National Insurance (SSNIT) to be able to access the funds of the deceased to support the welfare of children, spouses, and the entire family. Although it is mandatory to provide a next of kin for investments, bank account openings, and insurance policy subscriptions among others; institutions have kept huge sums of unknown amounts to themselves because families, beneficiaries, next of kin, nominees and spouses could not maneuver their ways through to access the locked funds.

The plethora of challenges and the complexity of the laws with unclear procedures to access the funds of deceased relatives have rendered lots of spouses, families, and

loved ones poorer than ever. Administrative Policy reforms to harmonize and streamline the process to enhance access to deceased funds without institutional red tapes and bureaucracy to promote family liberation, and improve human dignity and prosperity is crucial to ending family poverty.

1.2 Definition of Terms



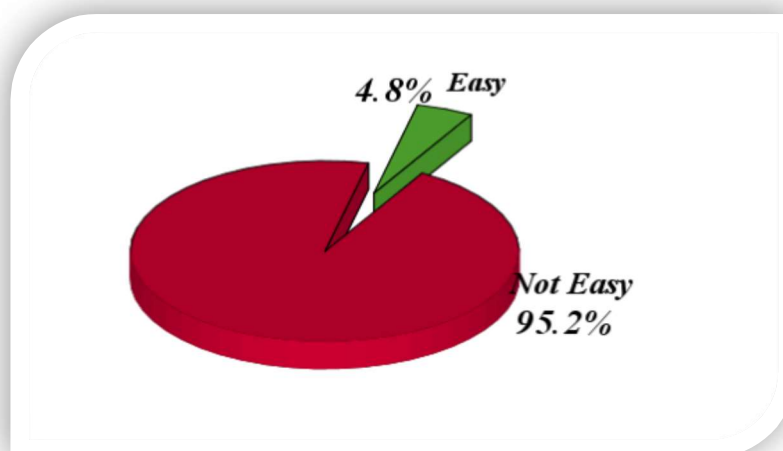
2.0 Key Findings

2.1 The Cumbersome Administrative Procedures

There exist uncountable legal provisions on inheritance in Ghana. These include the 1992 constitution of Ghana, Administration of Estates Act, 1961(Act 63), 1973 Conveyance Act (NRCD 175), the 1971 Will Act (Act 360), 1884 – 1985 Marriage Act (Cap 127), 1985 Intestate Succession Act (PNDC Law 111), National Pension (Amendment Act) 2014 Act 883, Birth and Death (Act 1027) 2020, Head of Family Accountability Act 1984 (PNDC Law 114), Banks and Specialised Deposit-Taking Institution Act 930 (2016), Insurance Act (1061) 2021, the Children Act (560) 1998,

among other. The nature of the processes for accessing the locked funds of a deceased person by the beneficiaries, NoK, or nominees are fraught with various ambiguities, red tape, and administrative bottlenecks, and vary from one institution to another. The right to justify as a Next of Kin or beneficiary comes with the engagement of at least 6 different government institutions. The Births and Deaths Registry of Ghana, Metropolitan and Municipal Assemblies, Ghana Police Service, Law Court, National Identification Authority, Ghana Health Service/Hospital, Traditional Authority (Chief) and other individuals and institutions. Each of these institutions has its administrative requirements to secure documents to access the funds. Relatedly, each institution has different and unclear investigative and document verification timelines. The study revealed that 51.3% received the funds between 10 – 12 months. Consequently, from the findings, 95.2% of victims stipulated that the process was burdensome. This made the majority, corresponding to 71% out of the 95.2% abandoning the process. Aside from the fact that the process was not easy, other reasons such as the expensive nature of the process, legal fees, documentations, and ignorance, made victims abandon the process. See figure 1...

Figure 2: How easy is the process?



Source: *ILAPI's field data (2023)*

2.2 The Administrative cost and Timelines

Per the study, it cost the respondents an average of GHs7,550 (\$790) at the time of conducting the study) to go through the processes to access the funds. This includes but not limited to transport, administrative fees, photocopies, communication, bribes and others to facilitate the process. This process may be dependent on a lawyer or not. This depicts that only the opulence can afford and be able to access his/her entitlements. It contributes to victims abandoning the process for the fear of spending more than what they could be entitled to.

As a result of privacy issues, the banks, insurance, and pension firms do not share information of accountholders to the beneficiaries, next of kin, and nominees respectively. The fear of the red tape and administrative costs outweighing the total funds in a particular institution makes claimants unwilling to start or continue the processes. The poor, without the financial muscles, may not be able to access the funds and the banks, insurance, and pension firms will keep the funds forever. Such funds, which could have been a primary ground to liberate individuals and families from both monetary and multidimensional poverty, are deliberately kept by the regulators and businesses via administrative bottlenecks and red tapes. There exist unclear timelines to access the documents and institutional investigations and this could take months and years before funds are paid to the beneficiaries. The long delays could lead to the death of the beneficiary who is awaiting payments and eventually cause the funds to be locked up.

Duration of Payment of claim

Table 1: How long did it take you to finally receive the funds or asset?

Duration	Frequency	Percentage
1-3 Months	-	-
4-6 Months	58	5.8
7-9 Months	127	12.7
10-12 Months	513	51.3
Above 12 Months	302	30.2
Total	1000	100

Source: ILAPI's Field Data (2023)

2.3 Transparency and Accountability by the Financial Institutions

The amount entitled to the beneficiaries/NoK, and nominees cannot be verified by the families during process of accessing the funds. It was also found that there is little to no transparency and accountability of the processes by the financial institutions. Accordingly, the majority representing 80.5%, were not informed or aware that they were the beneficiaries/next of kin or nominees before and after the death of their relatives by the financial institutions. The Bank of Ghana in its directives issued in February 2021 to banks, requests banks to reach out to the Next of Kin in all forms of communication channels when the bank accounts are dormant for 3 years. The same banks are to publish the list of dormant accounts at the banking halls and websites to locate accountholders and next of kin. The study revealed that the financial institutions do not have up to date list of dormant accounts, holding on to funds of deceased relatives who might have died in accidents, infernos, missing, murdered or natural death. Once the families are unable to trace and locate the bank accounts and insurance policies of their deceased loved ones, the funds will be kept

by the Central Bank (Bank of Ghana) forever and until a probate or families are able to make inroad to access the funds, the regulated financial institutions take charge. Also, the beneficiaries/NoK and nominees were not informed by the financial institutions, insurance, and pension firms of the amount of money the deceased had, neither were they informed about the total funds they were entitled to, which correspond to 62.7% respectively. See table 2...

Table 2: Transparency of the Financial Institutions

Variable		Frequency	Percentage
Did the institution inform you first that you are the NOK/ beneficiary after the death of your relative?	No	805	80.5
	Yes	195	19.5
		1000	100
Did the institution inform you about the amount of money or asset(estate) the deceased had?	No	627	62.7
	Yes	360	36
	No	13	1.3
	Response	1000	100
Were you told the amount of money or assets you are entitled to?	No	627	62.7
	Yes	360	36
	No	13	1.3
	Response		
Total		1000	100

Source: ILAPI's Field Data (2023)

2.4 Having a Written Will is not the End of Administrative Bottlenecks

Interestingly, the study further revealed that there exists inheritance fraud which emanates from family interference due to the non-existence of written Wills. Consequently, 85.50% of the participants firmly revealed that they do not have a written Will for diverse reasons. Some of the respondents do not have a written Will because they do not have any property or assets of their own. The respondents were also not ready to write one at the time of the study. Others disclosed that they do not know how to go about writing a Will, and the family knows their assets already and they do not see the reasons to document their assets. Few respondents do not believe in a Will and having one does not mean there are no administrative bottlenecks, whilst others do believe they are not dying anytime soon. Additionally, some of the respondents stated that the property is a family (lineage) inheritance and will be transferred once the possessor dies. Hence, there is no need to write a Will due to the aforementioned reasons. This made some family members to impersonate (inheritance fraud) and claim the benefits they are not entitled to at the nuclear family level leading to school dropout, ejection from homes, and economic hardships. See figure 2 and 3

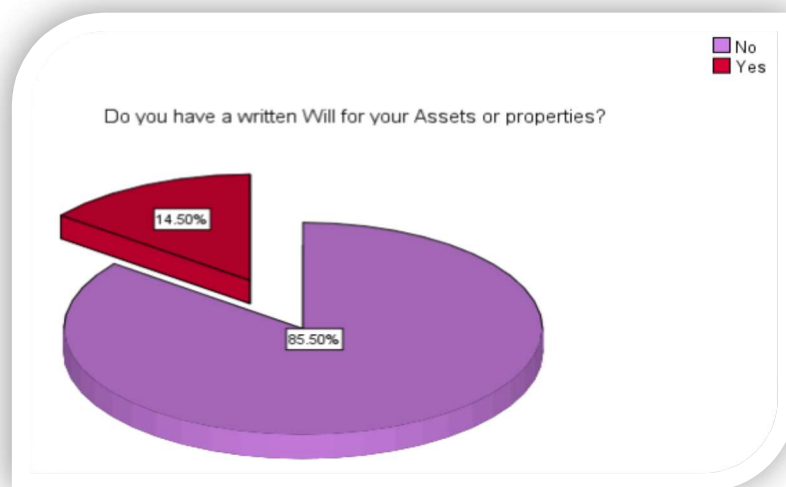


Figure 2: Written Will - Source: ILAPI's field data (2023)

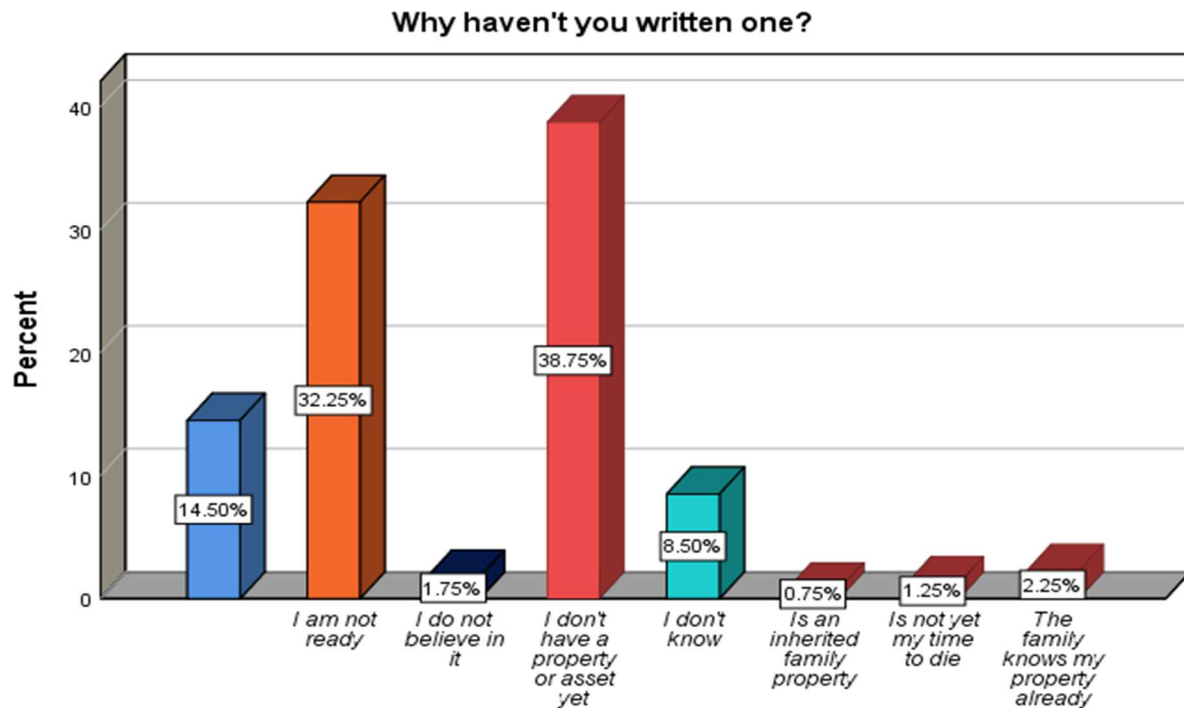


Figure 3: Reasons without a Written Will

Source: ILAPI's field data (2023)

2.5 The Fear of witchcraft and spiritual manipulation

The belief in superstition among individuals in society has led to the reluctance to inform their relatives who are named as the beneficiaries, next of kin, or nominees because of fear of witchcraft and spiritual manipulations. Ghanaians hold a genuine fear that if they disclose details on their banks, insurance, or pension to their beneficiaries, next of kin, or nominees, it might lead to early death, sickness, and other negative spiritual influences. There is a strong belief that these spiritual forces may end up causing harm or misfortunes. It is seen as the best way of keeping one's privacy and identity from spiritual curses. Other individuals believe that ancestral spirits play roles in guiding family affairs, hence, discussing the beneficiaries, next of kin, nominees and trustees openly might be seen as interfering with the spirits'

guidance. This has equally led to institutions to take over funds of deceased and missing individuals' bank accounts, insurance policies and pension schemes. In modern cosmopolitan societies however, names of the next of kin, beneficiaries and nominees on legal documents must be disclosed to avoid loss of funds including savings, investments, bonds, insurance policies and pension programs. See 2.7

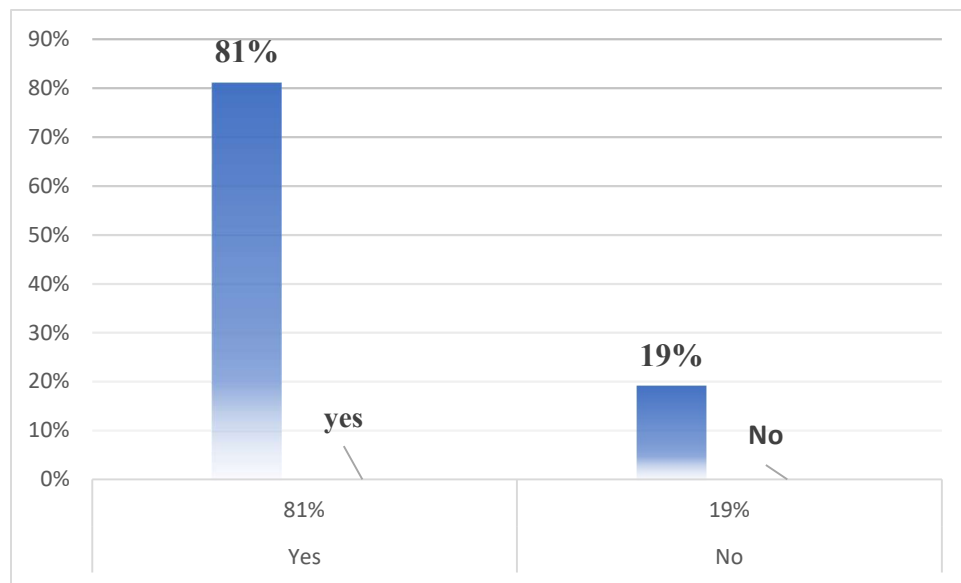
2.6 Standardization of information

Respondents called for swift reforms to help access the funds on time by providing clear documentations and timelines. The uneven hurdles to cross in accessing the locked funds oftentimes, lead to the beneficiaries, Next of Kin, and Nominees dying in the process and leaving the funds behind. The banks will transfer funds of accounts that are dormant for 5 years to the Central Bank for keep forever until a family member of the deceased can access the funds. The Insurance and Pension firms, however, will individually keep the funds with them and forever. Again, the Banks and Insurance companies will request for the Letter of Administration (LA) from the law court while the Pension (Social Security and National Insurance Trust – (SSNIT) will not need the LA when accessing the funds. In regards to reforms, the findings revealed that 88.75% agreed that standard information and documentation should be required for beneficiaries, NoK, and nominees across all institutions since they all form the financial sector of Ghana.

2.7 Family awareness of NoK to avoid inheritance Fraud

The majority representing 81% were also in agreement that the NoK should be declared to the family member to create awareness so that when the account or policy holder dies the process of identification as a NoK, beneficiary or nominees will not

be a challenge to the family. This will also help overcome inheritance fraud. See figure 3...



3.0 Conclusion

The research has enlightened the citizens on the administrative and legal processes involved in accessing funds of a deceased person by the beneficiaries, next of kin, or nominees in Ghana and the critical issues that affect a significant portion of the population in the country. With a total dependency ratio of 67.4%, it is evident that a substantial proportion of Ghanaians rely on the working class, which constitutes only 32.6% of the population, for their survival. This heavy dependence on a relatively small segment of the population has far-reaching implications for the economic prosperity and well-being of families and communities.

One of the key findings of this study is the long administrative barriers put in place to retard the effort of individuals when accessing the funds of their deceased relatives at the banks, insurance, and SSNIT. The absence of clear legal timelines

for investigations and authentication of documents have led to confusions, disputes, and delays in accessing funds and properties, and furthering exacerbating the economic poverty faced by the beneficiaries, next of kin, and nominees. It was unearthed that a majority of Ghanaians are dying intestate and that having contracts with insurance and pension firms, and savings with banks will require many to go through the administrative barriers to access the benefits of their deceased relatives. The need for greater awareness and education on the importance of removing barriers to prosperity is crucial.

The administrative barriers and red tape identified in the study are pushing over 65% of Ghanaians into poverty. A majority of respondents and Ghanaians expressed frustration with the complex and time-consuming procedures required, which often led them to abandon the process altogether. These bureaucratic burdens and red tape not only hinder access to much-needed resources take families out poverty but also add to the emotional and psychological burden that bereaved families already carry.

Also, unclear documentations and procedures for beneficiaries, next of kin and nominees to access locked funds of investments and savings of the deceased have crippled families, spouses, and children, leading to family poverty. The cost, information asymmetry and web of information required to unlock the funds could take months and years. State regulators and entities hide behind the web of laws and incomplete information requested by the entities when completing the subscription forms to frustrate beneficiaries leaving them with nothing but to abandon the process.

To address these challenges and promote economic stability and poverty reduction in Ghana, several recommendations emerged from the study's findings.

Recommendations

- There is a pressing need for comprehensive public education campaigns aimed at informing citizens about the importance of disclosing named beneficiaries, next of kin, or nominees on contract documents to avoid loss of funds. It is crucial in this modern society to help the family to easily follow up with the banks, insurance, and pension as the first point of accessing the funds to take families out of poverty. In that case, institutions should request detailed information on the beneficiaries, next of kin as the point of contact, and nominees to help trace the funds.
- Ghanaians must inculcate the habit of registering their properties and have a written Will to avoid the setbacks, beneficiaries, NoK, and nominees face when accessing benefits in the absence of a written Will. Although a written Will is not the panacea to administrative barriers, it tends to prevent family conflict and loss of funds at the banks, insurance, and pension firms. These properties could be used to secure loans to start and expand businesses for economic prosperity.
- There exist countless laws of inheritance and property distribution in Ghana. To ensure effective and efficient application of the laws, it's imperative to bring all these laws into unison. This will make the legal processes easily accessible, applicable and less time-consuming.
- To address information asymmetry, there should be frequent public awareness campaigns on administrative and legal processes to improve access to information to ensure a smoother and more equitable processes to inheritance systems in Ghana. For instance, a critical look at selected bank account opening forms depicts scanty information required of the Next of Kin. These details are provided by the accountholder and often the beneficiaries or NoK are not privy on how this was done. However, in accessing the funds by a beneficiary NoK or nominee, more proof of identity and documents are requested by the banks, insurance and SSNIT to

process the funds of the deceased which are not disclosed before and during the creation of the accounts.

- There should be public education by the stakeholders such as the NCCE, financial institutions, Insurance, and SSNIT on the processes and procedures involved in accessing an estate to reduce the ignorance and illiteracy administrative structures. The state institutions can partly be held responsible, but the banks themselves and the institutions that render these services must educate the account holders and the public during the onboarding processes. This is because the deceased were customers of these institutions and that there should be a system that allows beneficiaries and NOK of customers to easily access their claims without frustrations.
- Furthermore, based on the findings, there is a need for stakeholders and government to revise and formulate new policies, and laws that will take into consideration the standardization of requirements needed to access the funds by the NoK, beneficiaries, and nominees. These policies will help to ease the variation in documentation and the bureaucratic nature of the processes involved in accessing funds of a deceased relative at the Banks, Insurance, and SSNIT.
- The administrative processes must be harmonized and streamlined to reduce the duration of accessing the funds of deceased relatives to avoid boredom and abandonment which usually occur as a result of frustration and stress the beneficiaries, NoK and nominees go through. Practically, there should be a clear-cut duration within which the NoK, beneficiaries, and Nominees could have the funds from the financial institutions, Insurance, and SSNIT. These should include the duration of verification of identity, documents, and investigations of cases.

- The Government and Bank of Ghana (BOG) should consider a new policy that places the National Identification card (Ghana card) or the National ID number as the prerequisite requirement for registering beneficiaries, NoK, and nominees in all regulated financial institutions, insurance, and SSNIT to help authenticate identities during the processes of accessing benefits to avoid impersonation.
- In addition to these recommendations, it is crucial for policymakers and relevant authorities to examine the bureaucratic structures currently in place and identify areas where simplification and digitization can improve the efficiency of the process. Reducing unnecessary administrative hurdles will not only benefit the beneficiaries or next of kin but also contribute to the overall economic development of the country by ensuring that resources are distributed to end family poverty.
- The Bank of Ghana (BoG) should not keep the funds of the accountholder after 5 years of dormancy. The accountholders have family members and conscious efforts should be made to locate the families to hand over the funds. The process of banks transferring the funds to the Central Bank for keep after 5 years of dormancy is legal but not ethical as families will be ushered into poverty once the children, spouses, and other relations have no clue about the deceased place of banking. The BoG must also ensure compliance with Section 143 of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) by regulated financial institutions to equally make conscious efforts within the space of three years of account dormancy to reach out to the next of kin to help locate and access the fund of the deceased.

Inclusively, this study has illuminated a critical aspect of Ghana's socioeconomic landscape, highlighting the challenges faced by beneficiaries, next of kin, and nominees in accessing the funds of deceased breadwinners at the bank, insurance,

and pension firms. With a significant portion of the population depending on this process for financial security and economic prosperity, addressing the issues of administrative barriers is paramount for reducing poverty and dependency in the country. By implementing the recommendations outlined in this study and working towards a more accessible and transparent system, Ghana can take significant steps toward improving the economic well-being of its citizens and building a more equitable and prosperous society.

Reference

ILAPI Research Report (2023), *Ending Family Poverty: Unlocking The Funds Of Next Of Kin (Domenyi)*. Accra, Ghana. <https://ilapi.org/>