



BANK OF SIERRA LEONE



National Strategy for Financial Inclusion

[2022 - 2026]

January 2022

| Vision

"A focused approach to increase access to, enhance quality and increase usage of, financial products and services, by prioritising strategic interventions, targeting women, youth, rural populations, and micro, small and medium enterprises."

| Objectives

- *To promote the development of, and expand access to, client-centric financial products and services geared specifically towards key underserved population groups such as women, youth, rural communities, and MSMEs*
- *To promote and leverage innovative technology solutions to exponentially expand access to, and usage of, affordable, safe and appropriate digital financial products and services*
- *To ensure all Sierra Leoneans have access to appropriate and consistent financial education opportunities, which improves their ability to understand and manage their finances, and allows them to confidently access and utilise available financial products and services, while ensuring their safety and protection*

| Foreword

My parents were poor farmers in rural Sierra Leone. Like many rural families, my parents kept their monetary assets in currency, which they kept at home, not in banks. Why? Because living in rural Sierra Leone, my parents had no access to formal financial institutions, the closest of which were located 28 miles away in Kenema. Due to a poor transportation infrastructure, the opportunity cost families like mine would have had to incur to go to the nearest bank town to deposit their money in banks, and go there again to withdraw it when needed, would have been the proceeds from a day's work on the farm. For people who were barely making ends meet, this high transaction costs incentivized them to keep their monetary assets in currency, not in bank accounts. As such, they did not have access to formal financial services, including loans (which they could have used to expand their agricultural activities), savings (which could have yielded them interest income and also provided loanable funds to emerging entrepreneurs among them), insurance (to protect them from unexpected financial losses caused by unforeseen events), or other payment facilities. In short, my parents were excluded from the financial system, an exclusion that still characterises approximately 80% of our population.



Studies have shown that access to formal financial services can contribute to inclusive economic growth. Hence, many countries have adopted policies which are consistent with the goal of ensuring easy access to affordable financial products and services which meet the needs of different segments who are particularly deprived of those products and services.

The Bank of Sierra Leone (BSL) launched its first National Strategy for Financial Inclusion (2017-2020) in 2016. Under the implementation of that Strategy, Guidelines on the Use of Agents and Tiered Know Your Customer (KYC) Guidelines were published; a National Financial Literacy Framework was launched; a Deposit Protection Fund (DPF) Act and National Payment System Act (NPSA) were both forwarded to Parliament for legislative review and subsequent enactment; work to implement a new national retail payment switch is also in full swing. While progress was made during the implementation of the 2017 - 2020 Strategy, there is more to accomplish and opportunities for growth.

In a recently conducted assessment of the first strategy, it was clear that by having a more strategic and focused approach, we can be more successful in reaching the financially excluded population. The new National Strategy for Financial Inclusion 2022 - 2026 (NSFI-2) aims to **specifically target women, youth, rural populations, and medium, small, and micro enterprises (MSMEs)**. The Bank of Sierra Leone will prioritise and sequence key actions to address gaps identified in consultations

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with regulators, ministries, departments and agencies (MDAs), the private sector and umbrella organisations representing the above target groups.

One example of such prioritised sequenced actions that has already been undertaken, is the decision in August 2021 to redenominate the Leone. We expect to implement this in 2022 as part of our financial inclusion efforts to reduce cash-based transactions. The redenomination effort will address the challenge raised by financial service providers of high costs involved in handling large volumes of banknotes. This move will also reduce printing and other operational costs for BSL and begin to acclimatise the public to an accelerated move to digital payments. The expectation is that this and other responses to the gaps and constraints identified can lead us to overcoming the barriers to financial inclusion.

This new strategy envisions that with the proposed priority interventions and strategic actions, Sierra Leone will realise a significant uptake in the number of individuals who are **financially literate** and have **greater access to**, and **increased usage of** a broad range of **quality and affordable financial products and services**. It is important to note that we will continue to review the progress that is being made and adapt our actions to continually meet the needs of the people and the market.

We thank all the stakeholders who voiced their opinions and provided feedback during consultations that were held as part of the development of this strategy. We considered your comments and suggestions, and after careful consideration, are committed to making informed decisions, and taking appropriate and timely actions. To our women, the backbone of our economy, our young people, the largest segment of our population and the segment to whom the future belongs, as well as those informal businesses who are the engine of our economy, we owe it to you to develop sound policies and regulations that support your economic well-being. With all hands-on deck, we are confident we can achieve our goals.

We look forward to closer engagement over the next five years with the hope that our financial inclusion landscape looks much brighter in the end.



Kelfala M. Kallon
Governor
Bank of Sierra Leone

| Acknowledgements

The National Strategy for Financial Inclusion 2022-2026 (NSFI-2) was developed by the Bank of Sierra Leone (BSL) led by the Financial Sector Development Unit (FSDU).

We are ever grateful to the Overseas Development Institute (ODI), the United Nations Capital Development Fund (UNCDF), and the United States Treasury Department's Office of Technical Assistance (OTA), for allocating human capacity resources to work tirelessly in support of the BSL during the drafting process.

We are thankful for key input from partner Ministries, Departments and Agencies (MDAs), particularly the Ministry of Finance, Ministry of Agriculture and Forestry (MAF), Ministry of Information and Communications (MoIC), Ministry of Basic and Senior Secondary Education (MBSSE), Ministry of Social Welfare, Gender and Children's Affairs (MSWGCA), the National Youth Commission (NAYCOM), National Commission for Social Action (NaCSA), Ministry of Local Government and Rural Development (MLGRD), the National Civil Registration Authority (NCRA), the Directorate of Science, Technology and Innovation (DSTI), National Telecommunications Commission (NATCOM), the Sierra Leone Insurance Commission (SLICOM) and the Financial Intelligence Unit (FIU).

More importantly, we acknowledge key non-governmental entities including the Sierra Leone Association of Commercial Banks (SLACB), Sierra Leone Association of Microfinance Institutions (SLAMFI), Sierra Leone Market Women's Association (SLMWA), the National Association of Farmers of Sierra Leone (NAFSL), and the Sierra Leone Labour Congress, and others who represented our key target groups during the consultative process.

We thank the Alliance for Financial Inclusion (AFI) and its members for the financial and technical support which allowed us to hold consultations with key stakeholders, and we are thankful for their continued technical and moral support along our financial inclusion journey.

Lastly, we want to thank our development partners the World Bank, the United Nations Development Programme (UNDP), and others. As we turn our focus now to implementation, we are thankful for your continued support. We hope for further support from other partners and collaboration with all stakeholders to ensure the success of this strategy.

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| Acronyms & Abbreviations

ACET	African Centre for Economic Transformation
AFI	Alliance for Financial Inclusion
AML	Anti-Money Laundering
ATM	Automated Teller Machine
BSL	Bank of Sierra Leone
BSD	Banking Supervision Department
BPS	Banking and Payment Systems Department
CB	Community Bank
CFT	Countering Financing of Terrorism
COVID-19	Coronavirus Disease
CRB	Credit Reference Bureau
DFI	Development Finance Institution
DFL	Digital Financial Literacy
DFS	Digital Financial Services
DPF	Deposit Protection Fund
DSTI	Directorate of Science, Technology and Innovation
ECOWAS	Economic Community of West African States
FIEC	Financial Inclusion Executive Committee
Fintech	Financial Technology
FIS	Financial Inclusion Secretariat
FIU	Financial Intelligence Unit
FQSE	Free Quality School Education
FSA	Financial Services Association
FSD	Financial Stability Department
FSDU	Financial Sector Development Unit
FSP	Financial Service Provider
GDP	Gross Domestic Product
GoSL	Government of Sierra Leone
ICT	Information and Communications Technology
IDES	Inclusive Digital Economy Scorecard
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
ISP	Internet Service Provider
KYC	Know-Your-Customer
MAF	Ministry of Agriculture and Forestry
MBSSE	Ministry of Basic and Senior Secondary Education
MDAs	Ministries, Departments and Agencies
MEAL	Monitoring, Evaluation, Accountability and Learning
MFI	Microfinance Institution
MLGRD	Ministry of Local Government and Rural Development
MMO	Mobile Money Operators
MNO	Mobile Network Operator
MoF	Ministry of Finance

ACRONYMS & ABBREVIATIONS

MoIC	Ministry of Information and Communications
MRU	Mano River Union
MSME	Micro, Small and Medium Enterprise
MSWGCA	Ministry of Social Welfare, Gender and Children's Affairs
MTNDP	Sierra Leone's Medium Term National Development Plan
NaCCUA	National Cooperative Credit Union Association
NaCSA	National Commission for Social Action
NAFSL	National Association of Farmers of Sierra Leone
NATCOM	National Telecommunications Commission
NAYCOM	National Youth Commission
NCRA	National Civil Registration Authority
NEET	Not in Employment, Education or Training
NGO	Non-governmental Organisation
NIN	National Identification Number
NPSA	National Payment Systems Act
NSFI	National Strategy for Financial Inclusion
ODI	Overseas Development Institute
OFISD	Other Financial Institutions Supervision Department
OFS	Other Financial Services
OTA	US Treasury Department's Office of Technical Assistance
PIA	Priority Intervention Area
POS	Point-of-Sale
QAERP	Quick Action Economic Response Program
SALCaB	Sierra Leone Cable Company
SALPOST	Sierra Leone Post Office
SDGs	Sustainable Development Goals
SLACB	Sierra Leone Association of Commercial Banks
SLAMF	Sierra Leone Association of Microfinance Institutions
SLICOM	Sierra Leone Insurance Commission
SLIHS	Sierra Leone Integrated Household Survey
SLMWA	Sierra Leone Market Women's Association
SMART	Specific, Measurable, Achievable, Relevant and Time-bound
SMEDA	Small and Medium Enterprises Development Agency
SSA	Sub-Saharan Africa
SSL	Statistics Sierra Leone
ToC	Theory of Change
ToR	Terms of Reference
TSC	Teaching Service Commission
TWG	Technical Working Group
UADF	Universal Access Development Fund
UMVA	Universal Method of Value Access
UNDP	United Nations Development Programme
UNCDF	United Nations Capital Development Fund
USSD	Unstructured Supplementary Service Data
VSLA	Village Savings and Loans Association

| Executive Summary

Financial inclusion is achieved when individuals, particularly those from disadvantaged and low-income segments of society, have access to and use a wide range of safe and affordable financial products and services that meet their needs. Studies have shown that greater financial inclusion can lead to increased economic activity, spur employment, growth, and economic prosperity, and in turn lead to a reduction in poverty levels.¹

The National Strategy for Financial Inclusion 2022 - 2026 (NSFI-2), aligns with Sierra Leone's Medium Term National Development Plan (MTNDP) which takes a "people-centred, long-term development thinking" approach to reducing poverty and spurring economic growth.² In particular, the NSFI-2 aligns with Clusters Two, Three, Five, and Six which collectively propose a focus on advancing the inclusion of rural communities, women and youth in entrepreneurial opportunities that ultimately raise them out of poverty and enhance the economic security of their families through access to and usage of affordable financial products and services.

In 2016, the Bank of Sierra Leone (BSL) launched its inaugural National Strategy for Financial Inclusion 2017 - 2020 (NSFI-1) which aimed to "make financial services available, accessible and affordable to all Sierra Leoneans and MSMEs, and support inclusive and resilient private-sector led growth." At the time, it was noted that 80% of the population was financially excluded.³

Following the end of the NSFI-1, an assessment was undertaken in mid-2021 which noted that the Strategy had been 1) unfocused, broad, and ambitious, 2) ineffective in the implementation of a strong governance structure and working groups, and 3) lacking an effective gender disaggregated data and measurement framework.

Nonetheless, there were noteworthy successes achieved during the implementation of the NSFI-1 which has laid a solid foundation for the development of the NSFI-2. Some of those successes are summarised in **Table 1** below.

¹ ["How Financial Inclusion is Driving Fairer Growth in Emerging Markets"](#) (Lazard Asset Management, 2021)

² [Sierra Leone Medium Term National Development Plan \(MTNDP\) 2019 - 2023](#)

³ [Global Findex Database](#) (World Bank, 2017)

EXECUTIVE SUMMARY

Table 1: Summary of Key Successes from NSFI-1

- Established a Regulatory Sandbox that saw an initial cohort in 2018 of four companies entering the sandbox advancing innovative financial inclusion solutions.⁴ Since then, the sandbox began accepting applicants on a rolling basis and currently has eight new firms in it with a few other applications pending entry.
- Conducted a Geospatial Mapping Study to identify and map financial access points across the country
- Developed and launched a National Financial Literacy Framework that serves as a roadmap to educate and empower citizens to make well-informed financial decisions
- Developed and implemented Tiered Know-Your-Customer (KYC) guidelines to reduce the requirements needed to open accounts at financial institutions making access more inclusive
- Issued Guidelines on the Use of Agents to allow financial institutions to expand beyond traditional brick-and-mortar branches to reach out to a broader population
- Initiated the process to implement a National Payment Switch to support interoperability, faster payment processes, affordability, transparency, and inclusivity
- Initiated the process to establish a Deposit Protection Fund (DPF) to protect the deposits of citizens and build trust and confidence in the financial sector

Building on these successes and incorporating recommendations from the evaluation as well as feedback from a broad-based consultative process with stakeholders obtained during the development of this new Strategy, the NSFI-2 aims to take a more *focused approach to increasing access to, enhancing quality and increasing usage of, financial products and services, by prioritising strategic interventions, targeting women, youth, rural populations, and MSMEs*.

As the Bank of Sierra Leone, we strive to build an inclusive financial system, but this takes time, careful analysis, and focused, sequenced, and timely actions. By better understanding the current Sierra Leonean context, it is apparent that focusing interventions that target women, youth, and rural populations as well as micro, small, and medium enterprises (MSMEs), particularly those not engaged in the formal financial sector, will yield a more significant impact on financial inclusion.

Thus, the NSFI-2 outlines three (3) Priority Intervention Areas (PIAs) to focus on:

1. Access to Client-Centric Financial Products and Services
2. Digital Financial Services
3. Financial Education, Financial Literacy, and Consumer Protection

Although these three priority areas are similar in title to some of strategic interventions outlined under the NSFI-1, the objectives and activities are more focused and sequenced across the underserved groups targeted in the NSFI-2.

Furthermore, there is an intentional effort to streamline the governance structure of the NSFI-2. As chair and vice-chairs, respectively, of a Peer Consultative Forum for Financial Inclusion, the President or their designate, along with relevant MDAs and

⁴ "Four FinTechs Approved to Enter the Sierra Leone Sandbox Programme" (UNCDF, 2018)

EXECUTIVE SUMMARY

international partners, provide a higher level of attention financial inclusion deserves. The NSFI-2 will be implemented under the strategic guidance of a Financial Inclusion Executive Committee, which will be chaired by the Governor of the Bank of Sierra Leone with the Ministry of Finance represented as a statutory member. Four supporting technical working groups aligned with the four PIAs, will include technically competent and relevant stakeholders, who have the willingness and proven ability to proffer sound technical recommendations which can move swiftly to the Executive Committee for a more efficient decision-making and approval process. BSL will assume ownership of and accountability for commitments under each PIA which will be tied to performance appraisals but will share ownership and accountability in a co-chair arrangement with stakeholders in each working group.

There is also a deliberate effort to emphasise the importance of data and information. This has been reinforced with the development of new indicators, a measurement framework, theory of change, and new reporting mechanisms. Strengthening the capacity of the Financial Sector Development Unit (FSDU) to collect data and conduct analysis in collaboration with BSL's existing research capacity and Statistics Sierra Leone (SSL), will be key to the BSL's ability to monitor and report on financial inclusion progress and challenges. FSDU's coordination and reporting role will be key in this new arrangement.

The development of the NSFI-2 is a demonstration of the BSL's and the Government's commitment to financial inclusion. Despite several macro and micro-economic challenges (e.g., inflation, currency devaluation, commodity markets), global health crises (Ebola, COVID-19), and other competing priorities, a good foundation has been laid with the accomplishments under the NSFI-1. Moving forward, the NSFI-2 provides a more focused roadmap for Sierra Leone to achieve greater levels of financial inclusion over the next five years.

PART I | Introduction & Background

The World Bank defines financial inclusion as “individuals and businesses [having] access to useful and affordable financial products and services that meet their needs, – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.⁵ Taking this into consideration, financial inclusion in the Sierra Leone context is defined in this new Strategy as follows:

*“A Sierra Leonean population with **more knowledge about, easy access to, and who consistently use a fair, safe and affordable range of formal financial products and services that meet their needs**, ultimately leading to the enhancement of economic security for them and their families, poverty reduction, and overall long-term economic growth.”*

This definition aims to capture all three dimensions of financial inclusion, namely, access, usage and quality and provides a comprehensive perspective of what the BSL hopes to accomplish in the long term. The definition also gives a glimpse into the Sierra Leonean context characterised by a limited number of diversified financial access points, low utilisation of existing products, the need for diversification of financial products and services offered, and low levels of financial literacy and consumer protection.

Sierra Leone’s Financial Inclusion Journey

Along with many other nations who have recognized the potential benefits of financial inclusion, the BSL became a member of the Alliance for Financial Inclusion (AFI) in August 2009 and announced its commitment to the Maya Declaration on 20 December 2012.⁶ In late 2016, the country launched its first National Strategy for Financial Inclusion (NSFI-1) which was implemented over a four year period from 2017 to 2020, with a vision to *“to make financial services available, accessible and affordable to all Sierra Leoneans and MSMEs, and support inclusive and resilient private-sector led growth.”⁷*

The NSFI-2017 – 2020 outlined six key strategic interventions and established six respective working groups with key activities under each intervention (**Figure 1**). The Financial Inclusion Secretariat (FIS) at the BSL was established with the responsibility of coordinating the implementation of the strategy. A Financial Inclusion Technical Committee and a Financial Inclusion Steering Committee also formed part of the governance structure to which the FIS was to report (**Figure 2**).

⁵ [“Financial Inclusion”](#) (World Bank, 2018)

⁶ [“Bank of Sierra Leone Makes Specific Commitments to Maya Declaration”](#) (AFI, 2012)

⁷ Sierra Leone National Strategy for Financial Inclusion (NSFI) 2017 – 2020

⁸ [“Sierra Leone Financial Inclusion Strategy to Accelerate Pathway to Inclusive and Resilient Economic Growth”](#) (UNCDF, 2017)

PART I | INTRODUCTION & BACKGROUND

Figure 1: Key Areas of Interventions of NSFI-1

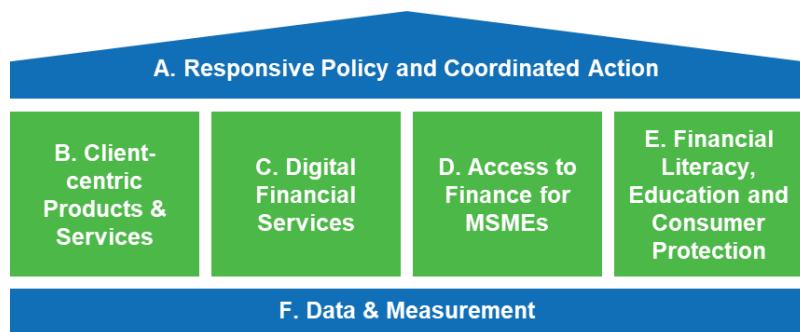
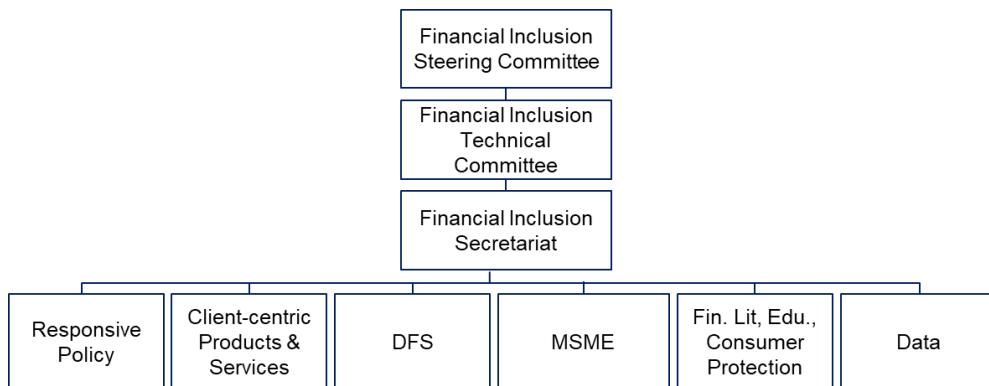


Figure 2: Governance Structure of NSFI-1



Several activities were successfully implemented under the NSFI-1. Some of these include a Fintech Challenge, the establishment of a Regulatory Sandbox and the development of a Financial Literacy Framework and Action Plan. The conduct of a Geospatial Mapping Study, development and adoption of Tiered KYC Guidelines, publication of Guidelines on the Use of Agents, and the establishment of the Sierra Leone Collateral Registry were also noteworthy achievements. The BSL also initiated the process to implement a national retail payment switch and the process to establish a deposit insurance scheme. Currently, a National Payment Systems Act (NPSA) and a Deposit Protection Fund (DPF) Act are before Parliament for legislative review and subsequent enactment.

Other successes that are relevant to Sierra Leone's financial inclusion journey over the past five years, include the conduct of a national biometric identity verification exercise by the National Civil Registration Authority (NCRA), drafting of the Sierra Leone Data Protection Act, the implementation of a National Numbering Resource Regulation, and a Subscriber Identification and Registration Management Regulation in 2020 by the National Telecommunications Commission (NATCOM). A new Digital Development Policy and a related Strategy, both of which have the potential to further impact financial inclusion positively, are also being developed.⁹

Following the NSFI-1, a new NSFI was originally to have been developed to provide a roadmap for financial inclusion in Sierra Leone from 2021 - 2024. Although the

⁹ "Government introduces its National Digital Transformation Strategy" (FAAPA, 2021)

PART I | INTRODUCTION & BACKGROUND

development of that new strategy was delayed, particularly due to the COVID-19 pandemic, with support from the United Nations Capital Development Fund (UNCDF), an external consulting firm assessed the NSFI-1 in mid-2021. There were three main areas of improvement from the evaluation:¹⁰

- (a) *Broad and ambitious:* The NSFI-1 was broad, overambitious, and did not accurately reflect the resources or capacities available at the BSL. In addition, while the strategy made mention of supporting key target groups (e.g., women, youth, and rural communities), there was not a focused approach to design activities and interventions to drive financial inclusion for these underserved groups.
- (b) *Ineffective implementation of governance structure and working groups:* The evaluation highlighted that the implementation of the NSFI-1 was often ineffective because of inefficient, unorganised, and bloated working groups which did not consist of many relevant technical individuals. In addition, recommendations made by working groups did not move forward due to a lack of accountability and ownership throughout the governance structure.
- (c) *Lack of gender disaggregated data and measurement:* While several successes noted previously were achieved during the implementation of the NSFI-1, quantifying those successes posed a challenge. Despite having a working group on data and measurement, the Strategy lacked adequate gender-disaggregated data and measurement mechanisms to accurately monitor and accurately quantify the success and challenges of implementation. This was due largely to a lack of ownership, a lack of human capacity, and a lack of human and financial resources.

Development Process of NSFI 2022 - 2026

Subsequent to the evaluation of the NSFI-1, the development of a new Strategy began in late 2021 with the goal of providing a roadmap for financial inclusion in Sierra Leone from 2022 – 2026. Development of the new strategy began with desk reviews and extensive consultations across the country (See **Annex I**). These consultations brought together government stakeholders, private sector players and other non-governmental organisations and agencies to discuss and better understand the gaps and constraints to financial inclusion in Sierra Leone.

A process to collect and collate more recent supply-side financial inclusion baseline data was also undertaken. Unfortunately, due to lack of reliable data, there was limited demand-side data to help support the development of the NSFI-2. Nonetheless, the development of this strategy did collate input from supply and demand side stakeholders. Moreover, as a way forward, the BSL is currently investing in developing and administering a demand-side financial inclusion survey to gather updated information to support the activities under the NSFI-2.

¹⁰ Final evaluation of Sierra Leone National Strategy for Financial Inclusion (UNCDF, Ayani, July 2021)

PART I | INTRODUCTION & BACKGROUND

This process was supported by the AFI who provided technical guidance based on the AFI Policy Model for National Financial Inclusion Strategies.¹¹ AFI members also contributed to a peer review of the strategy. The result of these efforts is a new strategy for 2022 to 2026 (NSFI-2) that has three Priority Intervention Areas (PIAs):

1. Access to Client-Centric Financial Products and Services
2. Digital Financial Services
3. Financial Education, Financial Literacy, and Consumer Protection

Although these three priority areas are similar in title to strategic interventions under the NSFI-1, there continues to be a need to refocus the objectives, prioritise strategic interventions, and sequence action items to accelerate financial inclusion. These strategic interventions, associated objectives, and sequenced actions will be detailed further in this document.

The BSL has maintained its commitment to overcoming barriers and increasing financial inclusion. The development of the NSFI-2 displays a level of optimism to move forward in the country's financial inclusion journey and spur inclusive economic growth.

¹¹ "[Policy Model for National Financial Inclusion Strategy](#)" (AFI, 2020)

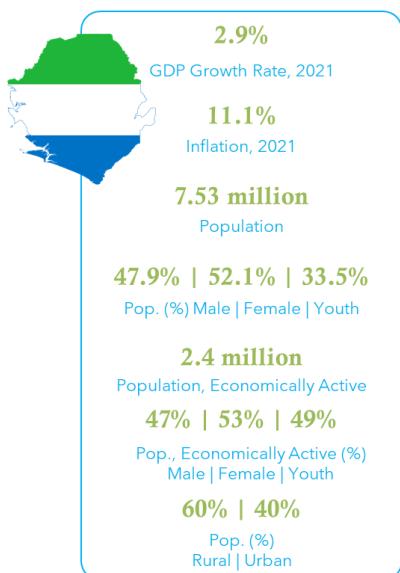
PART II | Sierra Leone Financial Sector Context

Overall Economic Context

Sierra Leone, a nation of approximately 7.53 million people, has faced several macro and micro-economic challenges over the years, coupled with conflict and health crises.¹² To better understand and inform financial inclusion efforts going forward, it is important to consider the broader economic context of the country. Highlighted below are key economic indicators, namely Gross Domestic Product (GDP), inflation, and unemployment, as well as the recent impact of and responses to COVID-19.

Gross Domestic Product (GDP)

SNAPSHOT OF KEY SIERRA LEONE STATS



Sierra Leone's economy has seen negative GDP growth from 2016 until 2019, when GDP grew by 5.4%. However, despite projected GDP growth in 2020, the economy contracted by 2.2% due to the COVID-19 pandemic. In 2021, GDP was expected to have grown by approximately 2.9% and is projected to grow by 5.9% in 2022 (See **Figure 3**). The agriculture sector continues to be the largest contributing sector to the economy at almost 60%.¹³

Figure 3: *GDP Growth Rate (2016 - 2026)*



¹² Sierra Leone Integrated Household Survey (SLIHS) 2018

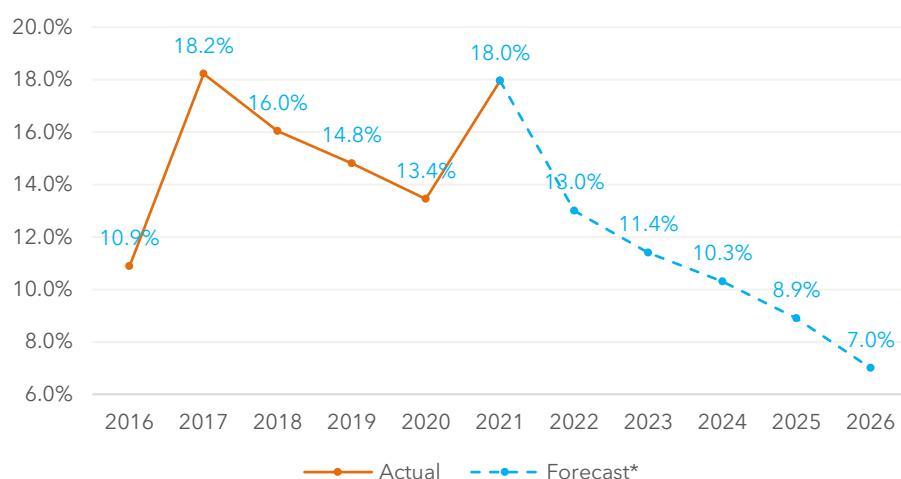
¹³ Data provided by BSL Research and Statistics Department and based on IMF Projections

PART II | SIERRA LEONE FINANCIAL SECTOR CONTEXT

Inflation

Inflationary pressures have continued over the years, with Sierra Leone recording inflation as high as 18.2% in 2017. However, in April 2021, Sierra Leone recorded single digit inflation at 8.9% the first time in six years, which was seen as a significant milestone for the economy.¹⁴ Nonetheless by the end of 2021, inflation rose to 17.95% but is also expected decrease before reaching single digit inflation, according to IMF projections (See **Figure 4**).¹⁵

Figure 4: Inflation (2016 - 2026)



Employment & Unemployment

The 2018 Sierra Leone Integrated Household Survey (SLIHS) showed that "most of Sierra Leone's labour force (those able and willing to work, economically active) live in the rural areas (over 80%) and are engaged in unpaid family work and/or self-employed activities."¹⁶ The agriculture sector is the largest employer and accounts for over 70% of the current labour force¹⁷. Moreover, 86% of total employment falls under informal employment.¹⁸

Unfortunately, unemployment in Sierra Leone continues to be very high and has been growing at an alarming rate especially among the youth and women. According to International Labour Organization (ILO) and World Bank estimates, as of 2020, the overall unemployment rate in Sierra Leone was 5.2% (**Figure 5**).¹⁹ Estimates from 2020 also show that 4.5% of women in the labour force were unemployed as compared to 5.9% of men. On the other hand, the percentage of unemployed youth in the labour force was 8.5%.²⁰

¹⁴ "[Inflation drops to single digit for the first time in 6 Years](#)" (Awoko Publications, 2021)

¹⁵ Data provided by BSL Research and Statistics Department and based on IMF Projections

¹⁶ SLIHS 2018

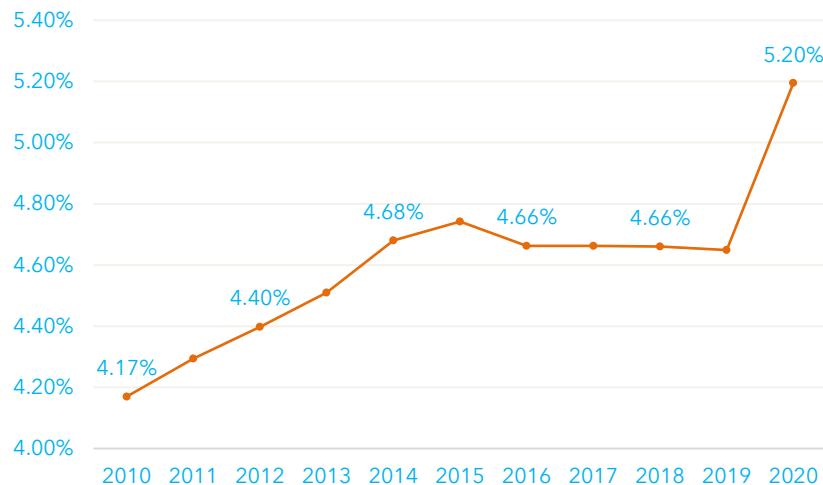
¹⁷ "[United Nations Food System Summit: Pathways to Attain Sustainable Access to Safe and Nutritious Foods for All in Sierra Leone](#)" (UN, 2021)

¹⁸ "[Labour Market Profile Sierra Leone – 2020](#)" (Danish Trade Union Development Agency, 2020)

¹⁹ World Bank Data, 2019

²⁰ "[Labour Market Profile Sierra Leone – 2020](#)" (Danish Trade Union Development Agency, 2020)

Figure 5: Unemployment Rate (2010 - 2020)



Pandemic & Responses

Sierra Leone, like many other countries across the world, was hit by the COVID-19 pandemic. As noted previously, this slowed down the implementation of the NSFI-1 and subsequently delayed the development of the NSFI-2.

Of greater consequence was the impact on livelihoods, particularly those in rural communities and small businesses. Many households faced economic shocks due to movement restrictions, increased prices, and income losses. This resulted in 67% of households reporting a decrease in income, with income loss slightly higher among female-headed households (71%) than male-headed households (66%).²¹ Travel restrictions also made it difficult for farmers to buy seeds and fertiliser, and for labourers to travel to farms to work. As a result, farmers reduced hiring and spent more time working on their farm themselves.²² A recent study conducted by the International Finance Corporation (IFC) showed that 96% of Sierra Leonean MSMEs were impacted by COVID-19 with 81% of businesses recording a decrease in profits by an average of 39% (compared to pre-pandemic levels).²³

In response, the Government took a few targeted steps which were effective in mitigating the shocks:

- The Quick Action Economic Response Program (QAERP) was launched in 2020 to help minimise the impact of the pandemic on businesses and households by supporting farmers and labour-intensive public works to ease unemployment.²⁴

²¹ "Sierra Leone | Agricultural livelihoods and food security in the context of COVID-19: Monitoring report" (FAO, 2021)

²² "Tracking the economic consequences of COVID-19" (IGC, 2020)

²³ "Navigating through COVID-19: A snapshot on how the pandemic affected MSMEs in Sierra Leone" (IFC, 2020)

²⁴ "Sierra Leone: Govt Initiates Out of the Box Solutions to Economic Stability" (allAfrica, 2020)

- BSL introduced a Special Credit Facility for importers to limit the disruptions on the supply of food and essential goods, thereby helping to maintain prices and stabilise inflationary risk.
- In 2021, a national microfinance program known as the Munafa Fund, administered by the Small and Medium Enterprises Development Agency (SMEDA), was introduced to fund financial institutions at a subsidised rate for on-lending to petty traders and medium business owners that were impacted by COVID-19.²⁵ The beneficiaries targeted were women and youth who play a pivotal role in the development of the country. Disbursement of the Munafa Fund began in late March 2021 with more than 4.5 billion Leones disbursed to over 4,500 beneficiaries, of which almost 70% are women.²⁶

Current Financial Inclusion Context

Access

AFI defines access relevant to financial inclusion, as the ability to use the available financial products and services offered by formal financial service providers (FSPs).²⁷

In 2018, the BSL, with support from the World Bank, launched a Geospatial Data Analysis and Mapping for Financial Inclusion Project Report. The report revealed that of the 1,811 financial access points mapped during the survey exercise, 75% of them were mobile money agents. The next largest percentage of access points were microfinance institutions (MFIs) trailing far behind at just 7% of the total access points mapped, followed by commercial banks and foreign exchange bureaus at 6%, and Financial Services Associations (FSAs) at 3%.

From a regional perspective, the Western (Western Urban, Western Rural) and Southern (Bo, Bonthe, Moyamba, Pujehun) regions reported over 59% of the access points cumulatively, while the Eastern region (Kailahun, Kenema, and Kono) recorded 20% of mapped access points (**Figure 6**). The Northern (Bombali, Falaba, Koinadugu, and Tonkolili) and North West (Kambia, Karene, Port Loko) regions lagged behind with only 13% and 8% respectively. A deeper dive into the data revealed that financial access points tend to be found more in urban centres than in rural areas. The more urbanised districts of Western Urban, Bo, Kenema, and Bombali were shown to have over 67% of financial access points. More importantly, according to the report, the ratio of access points per economically active population clearly shows disparities in access.²⁸

²⁵ "Sierra Leone's President Unveils National Microfinance Programme" (State House, 2021)

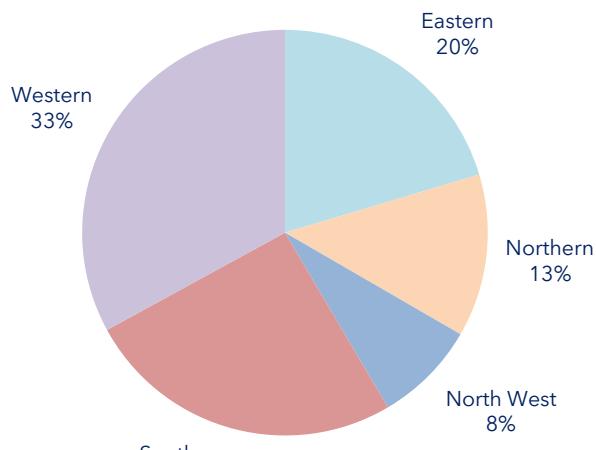
²⁶ "Munafa Fund progresses - boasts SMEDA boss" (PoliticoSL, 2021)

²⁷ "Alliance For Financial Inclusion Policy Model: AFI Core Set of Financial Inclusion Indicators" (AFI, 2019)

²⁸ Geospatial Data Analysis and Mapping for Financial Inclusion Project Report (BSL, 2018)

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Figure 6: Regional Distribution of Financial Access Points (2018)

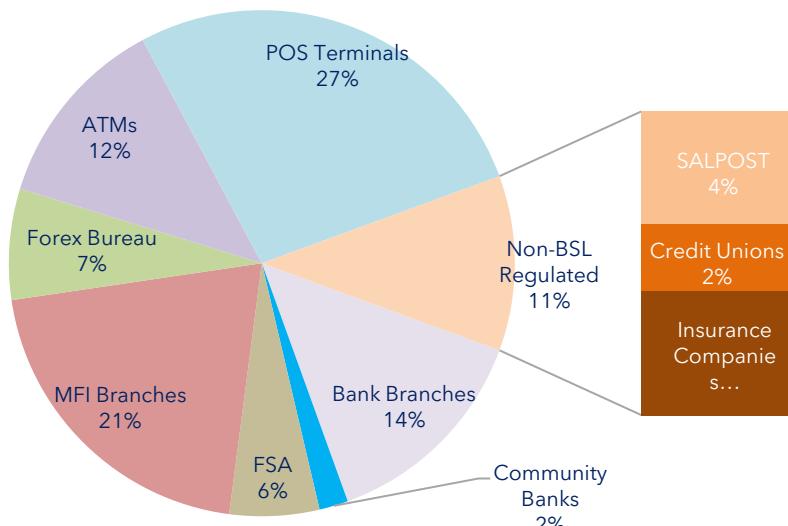


Source: 2018 Geospatial Report

More recent data from December 2021 reveals a similar picture where mobile money agents as access points continue to grow exponentially compared to other financial access points.²⁹ Currently, Sierra Leone has three (3) Mobile Money Operators (MMOs) with a combined agent network of over 35,000 which constitutes **over 97% of all formal access points**.

Other BSL regulated formal financial access points include 14 commercial banks (with over 140 branches combined, 128 ATMs, and 280 POS terminals), 54 MFIs with over 200 branches combined, 73 registered Forex Bureaus, 59 FSAs, and 17 community banks (CBs). Collectively, these institutions account for 89% of all financial access points (**Figure 7**).

Figure 7: Types of (Non-Mobile Money) Financial Access Points (by %)



Source: Data BSL (OFISD, BSD), excludes Mobile Money Agents, December 2021

²⁹ Data retrieved from relevant BSL departments

Remittance companies are also an important player when it comes to financial inclusion. Currently, Western Union, MoneyGram, Ria, and World Remit are the only formal remittance transfer (limited liability) companies registered in Sierra Leone. These four companies have multiple branches, but BSL does not currently track this information regularly, unless commercial banks provide in their reports.

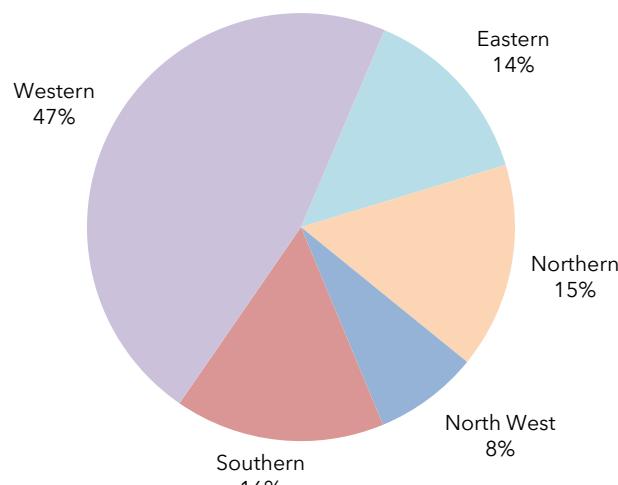
While not regulated by BSL, the Sierra Leone Post Office (SALPOST), which traditionally has a higher volume of large-scale customers, has made proposals to service government salary payments and pension payments. With the government being the largest employer in the country, this plan has the potential to drive uptake in digital payments allowing SALPOST to leverage its 43 regional service centres to serve as access points for other financial products and services catering to an even greater segment of the underserved population, particularly in rural areas.

Other non-BSL regulated institutions that have financial access points include credit unions and insurance companies. As of December 2020, there were 25 credit unions in 12 of the country's 16 districts under the umbrella body of the National Cooperative Credit Union Association (NaCCUA). Likewise, there are 14 insurance companies with a total of 47 branches, which are regulated by the Sierra Leone Insurance Commission (SLICOM).

Together, the combined 115 SALPOST, NaCCUA and insurance company locations currently account for 11% of financial access points (**Figure 7**). There is potential for growth here and therefore leveraging these options for increasing access will also be explored during the implementation of this Strategy.

When disaggregated regionally, the current data shows a similar trend to the 2018 Geospatial Report where the Eastern, Northern, and North West regions have fewer financial access points. (**Figure 8**).

Figure 8: *Regional Distribution of Financial Access Points (2021)*



Source: Data BSL (OFSD, BSD), December 2021

It is also important to note channels of informal financial services. Unfortunately, majority of the population rely on informal sources of finance, particularly for credit/loans such as friends and family and private money lenders. According to the 2018 SLIHS, more than 80% of those that needed business or farming loans used informal sources of finance.³⁰

When it comes to remittance transactions, transporting physical cash by hand throughout the country, or in and out of the country is one of the more popular informal methods. For savings, village savings and loans associations (VSLAs) and Osusus (small informal loan groups) are the most common savings channel, particularly among women and rural communities. While it is encouraging that there are options for remittances, savings and lending through these informal arrangements, it is more important to find ways to link these informal savings and lending groups to the financial sector through formal financial structures, particularly MFIs, Community Banks, FSAs and/or MMOs which are in closer proximity to our target underserved groups. So, for example, the NSFI-2 considers policies that support linking many of these informal transactions to the formal space by leveraging the large mobile money agent network.

To encourage increased access, the BSL issued the Guidelines on the Use of Agents, Tiered KYC Guidelines, and a proposed amendment to the Other Financial Services Act, 2001 section regarding remittance business.

As many financial institutions are dissuaded from investing in brick-and-mortar infrastructure especially in rural areas, the Guidelines on the Use of Agents provide an opportunity to leverage agents to onboard new clients and has proven to be beneficial not just for the FSPs, but for clients who can now have access to financial products and services closer to their communities. The NSFI-2 considers policies to further encourage banks and other FSPs to leverage this network of agents.

In 2019, Tiered KYC Guidelines were issued which reduces the documentation requirements needed to open a regulated account. The National Civil Registration Authority (NCRA) also provides identity services and data to enable identity and account holders to access financial services and meet e-KYC standards. This step recognized the complexities of needs of individuals at the lower end of the financial inclusion spectrum and sought to make it easier to onboard them. More needs to be done here as it became clear in recent consultations with key stakeholders, that a further review of the tiered KYC guidelines may be needed to reflect new realities and make account ownership more inclusive.

The recent proposed amendment to the Other Financial Services Act, 2001 removes the barrier of having to establish a registered limited liability company to perform remittance services. This will create an enabling environment that can accelerate the growth of remittance service providers, link them to the formal transaction space, in turn increasing access.

³⁰ SLIHS 2018

Usage

According to AFI, usage is defined as the “depth or extent (regularity, frequency, and duration) of financial services and products used over time.”³¹ The definition has “evolved from measuring uptake in the use of financial services [...] to identifying indicators that measure the [volume and value of transactions].” **Table 2** provides a snapshot of the current volume and value of transactions in the Sierra Leone financial sector as of December 2021.

Table 2: Number of Accounts, Volume & Value of Transactions at Financial Institutions

Account Type	Number of Accounts	Volume (#) of Transactions (2021)	Value (Le '000) of Transactions (2021)
Current Accounts*	520,138	-	8,130,759,369
Saving Accounts*	1,661,508	-	2,614,545,612
Timed Deposits	4,873	-	847,240,230
Mobile Money Accounts	6,517,573	59,167,418	9,556,236,167
Loan Accounts [†]	399,427	14,499 [‡]	367,918,438
Total	9,103,519	59,181,917	21,516,699,816

*Source: BSL 2021 (Q3); *Commercial Banks, all MFIs; [†] all MFIs; [‡] # of new loans disbursed by credit-only MFIs*

Quality

The quality dimension of financial inclusion “evaluates how financial services fulfil the needs of its users from different angles, including affordability, convenience, fair treatment, choice and other aspects related to consumer protection, financial education and other areas.”³² The regulator, financial institutions and consumers all have distinct roles and responsibilities under the quality dimensions:

- Regulator (BSL): Enact and adopt appropriate laws and regulations to ensure an enabling environment for providing easily accessible financial products and services that are safe, fair, and affordable, to meet the needs of consumers
- Financial Institutions: Treat existing and potential clients fairly by ensuring clients have access to all relevant information on financial products and services, and can conveniently choose from a wide range of options, which are affordable and meet their needs
- Consumers: Have the knowledge and relevant skills to better plan, make informed decisions and manage their financial lives

³¹ “AFI Core Set of Financial Inclusion Indicators” (AFI 2019)

³² “AFI Core Set of Financial Inclusion Indicators” (AFI 2019)

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Currently, the perceived lack of trust in financial institutions is evidenced by a large unbanked population. This is not only due to a lack of financial literacy but also clients' perceptions of the instability of the banking sector. To gain the trust of consumers, the BSL has embarked on the establishment of a deposit insurance scheme. A Deposit Protection Fund Act has been drafted and forwarded to Parliament and is awaiting passage into law. The Act, when passed, should be a major incentive for the underserved population to enter the formal transaction space, knowing that their money is protected.

Consumers also have little trust in commercial banks due to limited product offerings which often do not cater to their needs. Measuring quality from the supply side means that existing and potential clients have the right products and services that are affordable and meet their needs, and that customers have a good banking experience. The current landscape shows that there is very limited product diversification which has resulted in products that do not accurately meet the needs of clients. This concern was also intimated by stakeholders during NSFI-2 consultations. Financial service providers need to diversify the products and services offered especially for women, youth, populations living in rural areas, and those engaged in micro, small, and medium enterprises. While there are some accounts in the market tailored to motorbike and kekeh (auto rickshaw) riders, and farmers, and accounts for youth and mothers, the low uptake in ownership of those accounts show that they are not necessarily client-centric and need to be more tailored to the needs of the clients. For example, there may be many agriculture loans available, but these loans are mainly a one-size-fits-all and do not consider the seasonality of various value chains.

Price and affordability of financial products and services are also a key measure of quality. In today's sector, high transaction costs continue to pose a barrier to financial inclusion. This is especially true for a country where 43% of the total population live below the poverty line of \$1.90 USD. It is even more challenging to convince people in rural areas to open a formal financial account, given that 60% of the population in those areas live below the poverty line.³³ Mobile money transfer fees and voice and data fee, though generally at par with the rest of the ECOWAS and Mano River Union (MRU) region, are also seen as too high. In early 2020, for example, NATCOM imposed a floor price for data and voice.³⁴ However, in December 2021 NATCOM revised tariffs downward.³⁵ Current tariff sheets from all three mobile companies are presented in **Annex II**. In March 2020, BSL signed a Memorandum of Understanding (MoU) with NATCOM and will continue to collaborate on developing sound policies which reduce the cost to consumers and increase access and usage.

Aside from affordability, consumers have also voiced their concerns about several quality-of-service issues from fraud to poor customer service, long queues at banks, and delays in receiving payments into their accounts. The BSL introduced a process for tracking complaints and redressals and has collected data in this regard from

³³ [Poverty and Equity Brief \(World Bank, 2020\)](#)

³⁴ ["Sierra Leone implements controversial new floor plan for phone calls" \(ITweb Africa, 2020\)](#)

³⁵ ["NATCOM Announces Reduction of Mobile Network Tariffs" \(Sierraloaded, 2021\)](#)

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FSPs over the past few years (**Table 3**). While data across MMOs are more thorough in their regular reporting to BSL, reporting from commercial banks from 2018 to now, show a need for significant improvement. Thus, BSL is working to enhance the process and procedures for reporting, tracking, and resolving complaints across a wider range of FSPs by establishing a complaints and redressal system that can be accessed both online and by mobile leveraging USSD technology.

Table 3: Sample of Complaints Currently Reported and Tracked by BSL

FSP Type	Complaint Category	# Of Complaints
Mobile Money Providers*	PIN Reset	1793
	Account Unlock	498
	Cash Reversals	12993
	Fraud	5748
Commercial Banks**	Various	19

*Source: *BSL MMO Returns Data, period ending 2021; **BSL Consumer Protection Section, 2016-2021.*

Lastly, an important element of quality is financial education and literacy³⁶:

- Financial education: “a process of providing people with the knowledge, skills, attitude, and exposure through access to relevant objective information, and training to enable them to make informed financial decisions and take actions appropriate to their circumstances”
- Financial literacy: “awareness and knowledge of financial concepts and products required for managing personal finances, taking into account one’s economic and social circumstances”

Financial education is a prerequisite for achieving financial literacy. In all the consultations that were held, this was highlighted by stakeholders as the highest priority for financial inclusion.

Aside from tertiary institutions, there are currently no accredited centres that offer *formal* training or instruction with the aim of increasing financial education and literacy in Sierra Leone. At tertiary institutions, students can gain knowledge and skills through exposure to programs in economics, finance, accounting, etc. At the basic and senior secondary education levels however, while entrepreneurship and home economics are part of the curriculum of the Free Quality School Education (FQSE) program launched in September 2018, financial education and literacy concepts are not included.³⁷ According to the 2020 Annual School Census, there are 2,695,590 students enrolled in schools at the basic and senior secondary education level across the country, where over 50% of these students are girls.³⁸ At the senior secondary level (ages 15-17) though, the population is only around 327,000. These groups do not have access to formal instruction on basic financial

³⁶ [AFI National Financial Education Strategies Toolkit](#) (AFI, 2021)

³⁷ [Basic Education Curriculum](#) (MBSSE)

³⁸ [2020 Annual School Census](#) (MBSSE, 2021)

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education concepts. While this could lead to focusing on more informal methods for financial education, the senior secondary school population makes up part of the youth population, thus promoting formal education is equally important.

A few FSPs and NGOs undertake what they consider “financial literacy” activities or programs and provide some information about new products and services via radio and local dailies. BSL has also conducted annual financial literacy campaigns in the past. However, there has been no authoritative resulting data on the financial literacy picture in the country.

In considering informal methods for delivering financial education, literacy rates must be considered. The country currently faces low literacy rates (43% for those aged 15 and over), particularly among youth and women (**Table 4**).

Table 4: *Literacy Rates in Sierra Leone (%)³⁹*

15 years and older, total	43.2%	male	51.6%
		female	34.9%
15 - 24 years, total	66.6%	male	70.6%
		female	62.7%

Coupled with the large unbanked population, it can be implied that the level of financial literacy in the country and the impact of existing financial literacy programs are also quite low partly due to the lack of financial education programs. This translates to the lack of knowledge, understanding, or skills, of financial products and services which are barriers to financial freedom and inclusion for a large segment of the population, particularly the underserved youth, female, and rural populations. Feedback from consultations showed that the existing financial literacy programs led by FSPs were uncoordinated and not well received because they often contained language that was too formal or hard to understand.

Hence, more innovative and accessible (terms used, local language, examples from everyday life) financial education models are needed to ensure a more financially astute population. The NSFI-2 will therefore focus on developing policies that support innovative formal and informal methods for the delivery of financial education to achieve greater financial literacy. This will include expanding work with community radio stations and Fintechs to deliver digital financial literacy solutions.

Gaps and Constraints Identified Through Stakeholder Consultations

Through a series of stakeholder consultations that were held to support the development of the NSFI-2 (**Annex I**) various supply and demand side gaps and constraints to achieving financial inclusion in Sierra Leone were identified. The NSFI-2 highlights key activities that addresses these gaps and constraints. A summary of these gaps and constraints are presented below in **Table 5**, and a more detailed presentation of these gaps and constraints can be found in **Annex III**.

³⁹ Adapted from 2021 UNESCO Institute of Statistics

PART II | SIERRA LEONE FINANCIAL SECTOR CONTEXT

Table 5: Summary of Gaps & Constraints Impeding Financial Inclusion in Sierra Leone

Priority Intervention Area	Gaps & Constraints
Access to Client-Centric Financial Products and Services	<ul style="list-style-type: none"> • Lack of product diversification to support the requirements and needs of women, youth, farmers, and MSMEs; FSPs require technical assistance to develop customer-centric products • Lack of savings-focused/related products amongst MFIs, banks, and other financial institutions; no savings culture to support long-term savings mobilisation • Stringent documentation requirements, despite introducing Tiered KYC guidelines, have not led to client-centric products • High interest rates across all products for all clients • The lack of innovative credit reference solutions for all FSPs to be able to verify credit history of clients • Collateral requirements/issues for MSMEs, farmers in rural areas, women and youth who do not have assets to use as collateral • Absence of adequate policies and lending guidelines for MSME finance to support MSME growth • Lack of technical assistance and capacity building for MSMEs in the informal sector and for farmers to build agriculture value chains • Lack of synergies and effort among government programs and market initiatives in the agriculture sector
Digital Financial Services	<ul style="list-style-type: none"> • Poor, or an absence of, reliable network connectivity, especially in rural areas • High cost of smartphones which are not also easily accessible by rural communities (i.e., high fees to import, taxes, etc.) • Lack of a strong interoperable digital financial infrastructure (e.g., national switch, payment system, e-commerce) which has limited the use of digital payments • Unclear regulations and guidelines on USSD processes, fee schedules and transaction costs • Nascent start-up ecosystem and limited resources to support Fintechs, new businesses and young entrepreneurs
Financial Education, Literacy, and Consumer Protection	<ul style="list-style-type: none"> • Low levels of financial education and literacy for all people; tools need to be adapted for the audience (i.e., using informal terms and local languages) • Poor banking experience and customer service/relationship for clients • Not enough mechanisms to protect customers which has led to a lack of trust in the financial system

PART III | Rationale for New Strategy

The overall economic context, the current financial inclusion context, and gaps and constraints identified through stakeholder consultation, provide a clear rationale for the NSFI-2.

With 80% of the population unbanked, it is evident that a large portion of the population are financially excluded, and this is even more prevalent amongst women, youth, rural communities and MSMEs.⁴⁰ The financial sector has grown over the past five years, some regulations have been implemented to spur financial inclusion, and a few innovative financial products and services have been introduced. However, the sector continues to face several regulatory, supply and demand side challenges, which undermine progress towards greater financial inclusion. Thus, the vision and potential to accelerate financial inclusion remains. With the expiration of the NSFI-1 in 2020, Sierra Leone is now in need of a new strategy built on targeted and sequenced actions to further advance our financial inclusion journey.

The importance of having a new financial inclusion strategy is also tied to broader government priorities. The GoSL's Medium-Term National Development Plan (MTNDP) 2019 - 2023 aims to improve people's lives through education, inclusive growth and building a resilient economy.⁴¹ These are key outcomes of promoting financial inclusion. The MTNDP describes deepening financial intermediation and financial inclusion as key financial sector policy measures to foster broader inclusive growth. According to the MTNDP, promoting financial inclusion includes the advocacy for digital financial services, implementing a National Retail Payment Switch and ensuring that women, youth, MSMEs and rural communities have improved access to transformative financial services. As a result, the NSFI-2 aligns with the Government's priorities for national growth and development.

An inclusive financial system is not only pro-growth but also pro-poor with the potential to boost growth and employment, and in turn, reduce income inequality and poverty, promote social cohesion and shared economic development. Thus, financial inclusion as we see it, is not just about getting more people with accounts transacting via formal transaction channels, but more importantly, about supporting and enabling broader development goals as outlined by the United Nations' Sustainable Development Goals (SDGs). These include SDG1 on eradicating poverty, SDG2 on ending hunger and food security, SDG3 on profiting health and well-being, SDG5 on achieving gender equality and economic empowerment of women, SDG8 on promoting economic growth and jobs, SDG9 on supporting industry, innovation, and infrastructure, and SDG10 on reducing inequality.⁴²

⁴⁰ Global Findex Database (World Bank, 2017)

⁴¹ Sierra Leone MTNDP 2019-2023

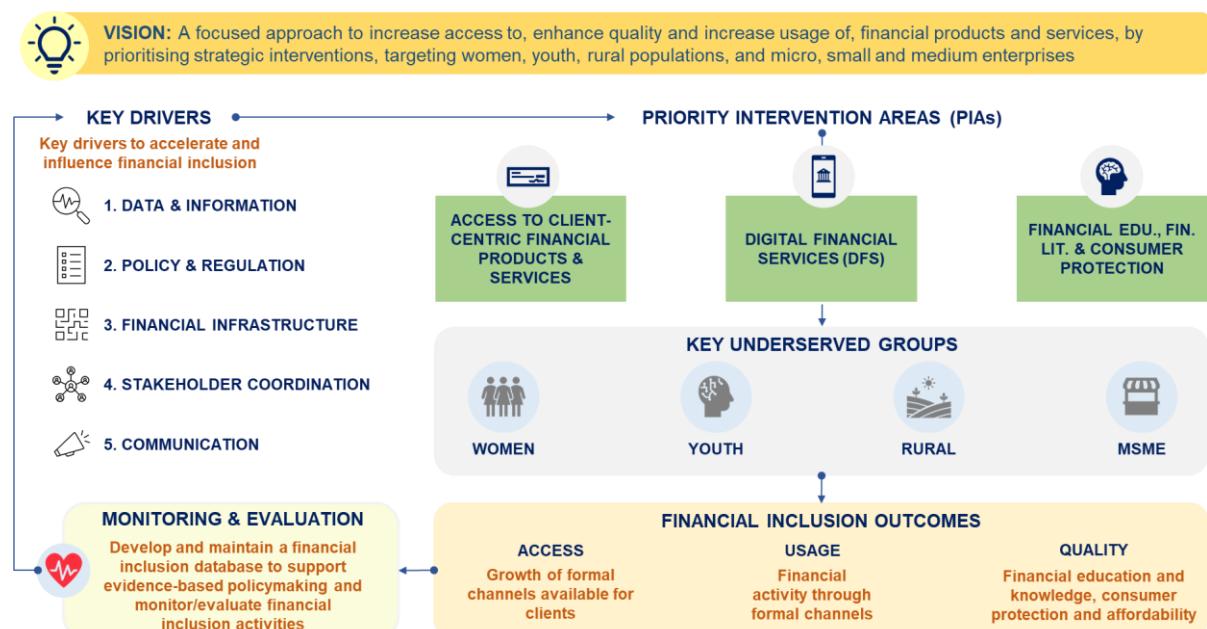
⁴² "Financial Inclusion and the SDGs" (UNCDF)

PART IV | Accelerating Financial Inclusion for Underserved Groups

Strategic Framework

The framework for NSFI-2 follows a cyclical pattern whereby key drivers enable specific activities under three priority intervention areas (PIAs). Under these PIAs, special attention is given to four target population groups that are unserved and/or underserved in the areas of financial inclusion. The activities under the NSFI-2 will be measured by indicators in line with the three financial inclusion outcomes/dimensions: access, usage, and quality. The monitoring and evaluation of these indicators and outcomes, and the overall success of the NSFI-2 will feed back into the key drivers to ensure evidence-based decision making (**Figure 9**).

Figure 9: NSFI-2 Strategic Framework



Key Drivers of Financial Inclusion

To successfully achieve financial inclusion and the implementation of the activities under the NSFI-2 there are five (5) key drivers discussed in the strategy. These drivers are broad themes that cut across all the different priority intervention areas and together create an enabling environment to accelerate financial inclusion.

Data and Information

Reliable data and information are important to justify current and future activities proposed under each PIA designed to achieve NSFI-2 goals. Furthermore, in the absence of meaningful, accurate and timely data, the NSFI-2 will not be able to realistically track and report on the progress and challenges in a timely fashion.

PART IV | ACCELERATING FINANCIAL INCLUSION

Consequently, there is a need to build a robust financial inclusion measurement system, leveraging the use of digital tools, to encourage and support evidence-based policymaking and improve monitoring and evaluation.

To start this effort, a comprehensive review and gap analysis of data systems that currently exist within the BSL (e.g Valtech's Regulatory, Compliance & Supervision System, or vRegCoSS, etc.) and other relevant institutions, will be undertaken. Based on the assessment, existing data templates will be modified, or new ones developed in consultation with relevant stakeholders. BSL will seek to implement a simple, but comprehensive data portal which can be easily scaled over time.

For data systems to be suitably institutionalised, BSL will better leverage its internal research resources, as well as the relationships it has developed with external policy makers, public and private sector entities. To this end, the Financial Sector Development Unit in collaboration with the Research and Statistics Department at the BSL, will serve as the hub for coordinating data collection, collation, analysis, and information dissemination activities. Suitable and continuous capacity building will also be required to strengthen the capacity of staff in both departments as well as staff in other collaborating entities.

Additionally, there is a need for ongoing research and benchmarking to ensure that stakeholders are well informed and have access to up-to-date information about the sector. Data sharing between stakeholders, MDAs and the private sector will be important to increase innovation and reduce the cost of doing business. There will be a deliberate effort to make data and information more widely available for the public and private sector. To do so, all relevant collaborating institutions must commit to sharing data and adopt shared data measurement frameworks.

A robust Monitoring, Evaluation, Accountability and Learning (MEAL) Framework has been developed to ensure clear targets and a key source of data for measuring financial inclusion. In 2022, the BSL will also develop and administer a demand side financial inclusion survey to better guide and support the proposed activities in the NSFI. Other sources of data and information will include on-going research and surveys including the 2021 Population and Housing Census, the planned updated Geospatial study, external thought literature on product development and innovation, additional financial inclusion related surveys, data intelligence from the industry, and feedback mechanisms and evaluation reports.

Policy and Regulation

Policy and regulation, and ensuring that there is an enabling regulatory environment, are at the heart of accelerating financial inclusion. The policy and regulatory framework in the financial sector and other sectors (that directly or indirectly influence financial inclusion activities) should be such that it promotes healthy and competitive market development while ensuring financial sector stability, data privacy, fair practices, and consumer protection. Through the implementation of the NSFI-1, the BSL made strides in introducing key transformative policies noted earlier. However, there may be a need to review and

update some instruments while at the same time, there is certainly a need to develop new regulatory instruments which better respond to specific conditions in the financial sector landscape (e.g., Microfinance Policy, DFS Guidelines, MSME Finance Policy, Financial Education Guidelines, etc.). Specifically, the NSFI-2 will promote the development of conducive legal and regulatory instruments cutting across and impacting all the PIAs. Other suggested interventions are highlighted in the PIA section later in this Strategy.

Financial Technology and Other Enabling Infrastructure

Today, technology's role in fostering financial inclusion cannot be understated. Technology has made it cheaper and more accessible for everyone to engage in the formal financial sector. Moreover, technology has proven to be cost-effective for traditional FSPs to reach previously untapped markets, particularly those in rural communities where it is more difficult to establish brick-and-mortar offices/branches. Sierra Leone's digital infrastructure is scored using UNCDF's Inclusive Digital Economy Scorecard (IDES). Based on the current digital payment ecosystem, connectivity, and Information and Communications Technology (ICT) usage and ownership, Sierra Leone's digital infrastructure scores at 45%.⁴³ It is critical to build a robust and resilient financial infrastructure that will greatly contribute to the success of the strategy and financial inclusion.

Although there has been preliminary work for the implementation of a National Retail Payment Switch, there is still a lot to be done before it can be fully operational. The National Switch is critical to expanding digital financial services and improving the digital payment ecosystem. It will enhance interoperability among industry players, improve efficiency, and reduce operating costs and fees for customers. Implementation of the Switch will drive growth in the financial sector by facilitating partnerships and enhancing further collaboration among industry players.

Additionally, there is a need to invest in building robust IT infrastructure. With the introduction of the payment switch, participating FSPs will need to upgrade their core banking systems to ensure interoperability. BSL will work with the financial sector players to review and maintain IT infrastructure standards in line with international standards. This will ensure that Sierra Leone's financial sector keeps up with current global trends which predict the introduction of more advanced digital tools and further innovations in digital transactions.

Similarly, the telecommunications infrastructure in the country must be improved. The 2018 SLIHS shows that the country has over 77% mobile phone coverage corresponding to 64.6% and 97.4% of rural and urban areas respectively. However, the SLIHS showed that the Northern, North-West, and Eastern regions had lower coverage⁴⁴ Over 50% of Sierra Leoneans own a mobile phone, but mobile broadband penetration remains low at 24% according to Sierra Leone's National Innovation and Digital Strategy 2019.⁴⁵

⁴³ *Inclusive Digital Economy Scorecard (IDES)* (UNCDF, 2020)

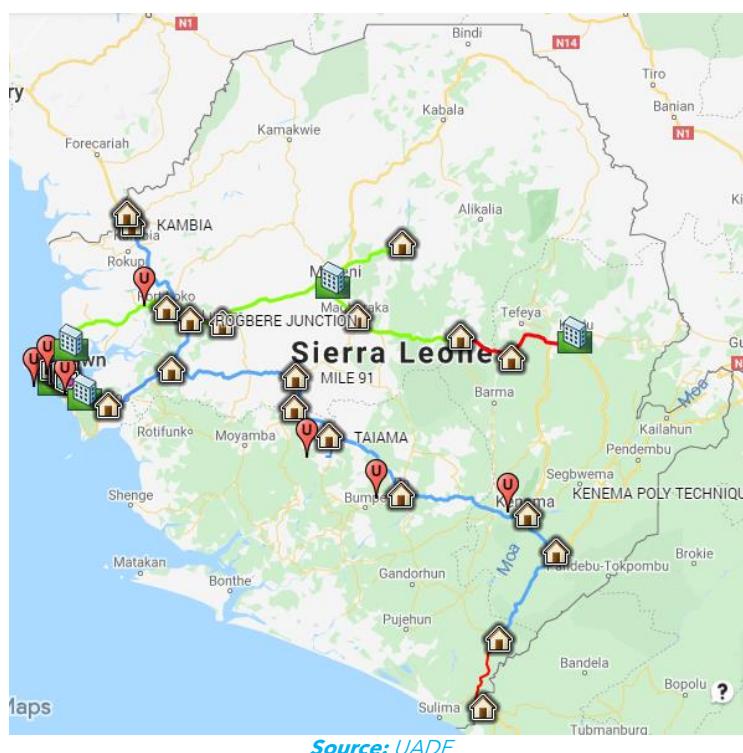
⁴⁴ SLIHS 2018

⁴⁵ *Sierra Leone National Innovation and Digital Strategy* (DSTI, 2019)

A Universal Access Development Fund (UADF) "was established by the Telecommunications Act of 2006 and the Telecommunications Commission (Amendment) Act 2009 to promote universal service and access to Information Telecommunication services to all Sierra Leoneans."⁴⁶ In most countries where similar funds are established, it is utilised by governments to build cell tower sites in areas where mobile operators argue would not be profitable for them. According to NATCOM, internet service providers (ISPs) and mobile network operators (MNOs) are required to pay 0.075% of gross annual revenues as a contribution to the UADF. A better model for partnership with mobile operators which allows the use of these funds along with contribution from the Government, to expand coverage by co-locating and sharing resources, will be explored under the NSFI-2.

Similarly, the existing fibre network can also be leveraged to ensure shared resources and interconnectivity of financial services providers and allow greater access to financial products and services for consumers, particularly those in underserved areas, at more affordable rates. Completing the extension of the fibre network to the rural (in this case Eastern, Northern, and North-West) regions and subsequently connecting key entities to this infrastructure needs to be fast tracked.

Figure 10: Sierra Leone National Fibre Network



The MBSSE's Giga Project aims to connect 11,200 schools to the internet.⁴⁷ Similarly, the BSL, working with FSPs, other relevant stakeholders, and the Ministry of Information and Communications (MoIC) as they lead the development of the

⁴⁶ [Universal Access Development Fund \(UADF\)](#)

⁴⁷ [Sierra Leone joins Giga towards "Digitization For All"](#) (DSTI, 2021)

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Digital Transformation Strategy and Policy, will encourage models that support collocation and sharing of infrastructure which can expand the reach of financial products and services, fast track digital financial literacy, and accelerate the adoption of digital payments.

Other areas where innovative technology solutions can act as a driver for financial inclusion are the country's efforts to promote the National Identification Number (NIN) and expanding and strengthening the Regulatory Sandbox. The NCRA has conducted a nationwide biometric national identification number verification exercise. The aim was to ensure every citizen corrects, updates and confirms their personal information, register the unregistered population and to distribute the uniquely assigned NIN which can be referenced across multiple interoperable systems at multiple entities for identity verification purposes. Working closely with NCRA, BSL will consider policy revisions which envisions the NIN as the sole minimal requirement to open a defined low tiered account at any regulated financial institution. Some efforts were made to implement an electronic KYC verification process under the NSFI-1, but these efforts were not conclusive. If done properly, a process that requires verification with a complete and robust centralized database, can greatly improve customer due diligence processes and Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) compliance, reduce the cost of operations, lower legal compliance risks, and support the provision of correspondent banking services in the country and the West African region.

While a Regulatory Sandbox was launched in Sierra Leone in 2018, only two of four firms entered the market. A regulatory environment more conducive to the introduction of new technology and innovations must be fostered. This means not just encouraging, but allowing those technological solutions, many of which have been tested in other markets, the room to succeed. Currently, there are thirteen applicants in the sandbox, with many others going through the rolling application process and vying for entry. This is encouraging and BSL will continue to support these innovations.

Lastly, as noted earlier, SALPOST also offers another innovative infrastructure solution that can be leveraged for increasing financial inclusion. SALPOST's network of 43 branches across all five regions is quite extensive. However, most of these assets that were previously active, when the Postal Saving Bank was in existence, currently sit dormant. Most have vaults which could be utilised to hold liquidity stock or structures which can potentially serve as joint use financial centres for financial institutions that do not want to invest in new brick and mortar structures in the rural areas. Local governments, even down to the level of the chiefdom treasuries, and mobile money agents, can potentially leverage this infrastructure. In previous years, SALPOST introduced a Universal Method of Value Access (UMVA) for remittances, but that effort was limited in scope, and short-lived. The NSFI-2 will continue to explore these opportunities as key vehicles for accelerating financial inclusion.

Stakeholder Coordination and Communication

The activities envisaged in this Strategy can only be successfully implemented if there is an active partnership between public and private sector participants in the country and strong leadership at the very top. Given the small size of the financial sector and limited number of actors, it is important for the players to collaborate to derive economies of scale and optimise the use of limited resources.

The NSFI-2 will promote partnerships between government and industry players to create mechanisms, platforms, and programs to extend financial products and services to people across the country. The Strategy also promotes collaboration between private sector players to build on areas of complementarity. In addition, the NSFI-2 is anchored on the premise that there will be strong commitment and effective coordination between the various stakeholders, including policymakers, regulators, supervisors, and the private sector.

The effectiveness of the NSFI-2 also relies on strong communication efforts at all levels. This will be led by the Governor at the Bank of Sierra Leone to drive the message of financial inclusion within BSL and other MDAs. Communication to other stakeholders, including development partners and the public, will also be emphasised to raise awareness of the Strategy, funding gaps, its implementation plan, and progress and challenges faced. A Financial Inclusion Communications Action Plan will be developed to detail specific, sequenced engagements with community radio stations, media and journalists who will play an important role in ensuring the message is being communicated.

Target Underserved Groups

The interventions outlined in this strategy are designed to ensure Sierra Leone has an inclusive and resilient financial system. Recommendations from the consultations and the assessment of the previous strategy highlighted the need to develop specific activities to increase the participation of women and youth in the financial sector.⁴⁸ There continue to be four unserved and/or underserved groups when it comes to financial inclusion: women, youth, rural communities, and MSMEs. This does not mean that within all other population groups some people are not financially excluded and therefore should not be considered. It does however mean that there is a need for a more concentrated effort to ensure that activities address the needs of these disproportionately underserved communities to achieve our immediate goal to accelerate and improve financial inclusion in the short term.

Women

Like in many other countries, women in Sierra Leone have been and will continue to be vital to the economy and play a substantial role in their families and households. According to the 2018 SLIHS, women make up for more than 50% of the country's population, of whom more than 60% live in rural areas and more than 70% are economically active (aged 15 - 64 years).⁴⁹ However, there is a large gender divide

⁴⁸ Final evaluation of Sierra Leone National Strategy for Financial Inclusion (UNCDF, Ayani, July 2021)

⁴⁹ SLIHS 2018

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when it comes to account ownership and usage with only women trailing men in account ownership by nine percentage points⁵⁰. Unfortunately, this means that more than half of the population face significant barriers to access to finance. The primary focus for interventions under the NSFI-2 is accelerating financial inclusion for particularly the economically active women.

As noted earlier, the Tiered KYC Guidelines have made it easier for some women to open accounts. However, high transaction costs, lengthy waiting times and limited access points, continue to be barriers to financial inclusion for women. A report published by the African Centre for Economic Transformation (ACET) showed that not only are transaction costs high, but transportation costs and location/proximity were critical barriers for access to financial services for women and youth in rural areas.⁵¹ Most popular among women, particularly in the rural areas, are savings groups such as VSLAs and Osusus. However, these groups continue to be informal organisations that do not provide the necessary protection and opportunities for growth when compared to formal financial institutions.

Overcoming these barriers to accessing and using formal financial products and services for this population segment (including financial literacy, restrictive social norms, high interest rates and asset ownership requirements) can certainly make a significant impact on financial inclusion and economic growth in Sierra Leone. The current collateral registry helps address some of the challenges that women face when it comes to asset ownership by allowing them to use moveable assets as collateral. The NSFI-2 looks to undertake additional initiatives that support women-centric product development and aims to link formal financial services with informal sectors – particularly for market women and women-owned micro and small enterprises. This includes linking existing VSLAs and Osusu groups to formal FSPs.

Youth

Much like the female population, the youth population in Sierra Leone also remains one of the more financially excluded population groups in the country. According to Statistics Sierra Leone (SSL), youth is defined by those aged 15-35 years. Forty-nine percent (49%) of the economically active population in the country is youth in the age group 15-34 years⁵², but only a small percentage of this segment have accounts registered at formal financial institutions.

The youth population face similar barriers to financial inclusion as women – a lack of youth focused financial products and services, poor financial and digital financial literacy, proximity to financial institutions and high transaction costs. The top two barriers for urban male youth are transaction costs and long queues; for rural male youths, it is transaction costs and proximity to a financial institution. On the other hand, for urban female youth, transaction costs and transportation costs were the top two barriers.⁵³

⁵⁰ Global Findex Database (World Bank, 2017)

⁵¹ [Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation](#) (ACET, 2020)

⁵² SLIHS 2018

⁵³ [Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation](#) (ACET, 2020)

Unfortunately, youth unemployment in Sierra Leone is 8.5%, which is higher than the Western African average.⁵⁴ Those who are employed have started small informal businesses which do not necessarily grow to anything more. Scaling up those small businesses and/or encouraging unemployed youth to become entrepreneurs and establish formal businesses, requires the removal of barriers which prevent access and use of formal financial products and services which could help them, their families, and their businesses.

On the bright side, Sierra Leone has seen an increase in mobile phone ownership with approximately 95% mobile phone penetration, where only 3.5% of male youth and 8.3% of female youth did not have phones.⁵⁵ This shows that there are few hardware limitations for mobile money, but there is a lack of confidence in using digital financial services such as mobile money. While there is awareness of mobile money (89.5% for male youths, 94.4% for female youths), almost a third of male youths felt they were not confident in using it or knowing how to use it well. This indicates a knowledge gap but provides an opportunity for digital financial literacy.

With this population segment being the largest in the country (33.5%) and representing the future of the country, it is important to focus on bridging the financial exclusion divide for this segment⁵⁶. Given the assumption that this population is tech savvy, leveraging innovative technological solutions (e.g., Digital Financial Services (DFS)) and encouraging youth entrepreneurship will allow for more youth to be better integrated into the formal financial sector.

Rural Communities

As noted earlier, despite the large number of financial access points, the majority of these are concentrated in Freetown, the capital, and other secondary urban centres such as Kenema and Bo (**Figure 8**). Moreover, data from the 2018 Geospatial report showed that over 42% of chiefdoms were without financial access points.⁵⁷ With over 60% of the population residing in rural communities, this leaves most people in other parts of the country without adequate access to formal financial services.⁵⁸ Poverty rates are also more than twice as high in rural areas than in urban areas, 73.9% and 34.8%, respectively. The disparity is even worse for extreme poverty rates with 19.9% in rural areas and 3.9% in urban areas.⁵⁹

The 2018 SLIHS also reported a higher number of households in the Western Area districts of Sierra Leone have bank accounts. There is a significant contrast between the percentages of households that have bank accounts in the Western Area compared to other districts, where there is less than 1% of households with bank

⁵⁴ ["Labour Market Profile Sierra Leone – 2020"](#) (Danish Trade Union Development Agency, 2020)

⁵⁵ [Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation](#) (ACET, 2020)

⁵⁶ SLIHS 2018

⁵⁷ Geospatial Study 2018

⁵⁸ SLIHS 2018

⁵⁹ *ibid*

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accounts in some districts (e.g., Kailahun and Tonkolili). When it comes to credit, more than 85% of the population that accessed loans used informal sources.⁶⁰

From a supply side, FSPs face high operating costs and an overall lack of infrastructure which has been limiting their ability to expand to rural areas. In addition, as seen with women and youth groups, there are limited products and services that cater to the needs of rural households (e.g., agricultural lending, rural finance products), and high transaction and transportation costs. Likewise, on the demand side, there is limited financial education and literacy among the rural population and very few programs that target the rural audience.

Investing in resources and methods that enable financial inclusion for rural areas (specifically the North-West, Northern and Eastern regions) will provide opportunities for savings mobilisations, credible loan products and affordable products and services that meet the needs of the rural community. This includes crafting other policies to improve financial infrastructure, strengthen credit bureaus and collateral registries, and lower asset ownership requirements to drive inclusive finance in rural areas. Again, leveraging the use of agents and digital financial services (e.g., mobile money) will continue to be good opportunities for institutions to increase their footprint in these underserved areas.

Micro, Small and Medium Enterprises (MSMEs)

Lastly, the NSFI-2 focuses on MSMEs, particularly those not engaged in the informal financial sector. Almost 60% of MSMEs have attributed access to finance as one of their biggest challenges.⁶¹ This not only leaves entrepreneurs to seek informal options of finance, but it also stifles growth and innovation. Supporting MSMEs is becoming increasingly important for Sierra Leone because of the positive impact that small scale economic activities have on economic growth, employment, and poverty alleviation.⁶²

The intentional focus on MSMEs is shared by both the Government and international development partners. This is because MSMEs face several challenges to growth including poor infrastructure, limited access to finance and weak capacity to scale up businesses.⁶³ These barriers/constraints disproportionately impact women entrepreneurs; of the 70% of women that are economically active, it is estimated that 70% of them have micro and small businesses.⁶⁴

The lack of access to finance is a major hurdle for entrepreneurship and job creation, with 40% of enterprises in Sierra Leone, especially small businesses (5-19 employees) (44%), claiming it to be their largest constraint (compared to 22% for SSA).⁶⁵ In 2018, when it came to accessing credit and loans for businesses or farming purposes, more than 85% of the population that accessed loans went through

⁶⁰ *Ibid*

⁶¹ [Digital and Entrepreneurship Ecosystem Mapping](#) (UNCDF, DSTI, 2021)

⁶² [The Role of Micro and Small Enterprises for Poverty Alleviation](#) (Geremewe, 2018)

⁶³ ["Sierra Leone: \\$40 Million to Support SME Investments and Economic Diversification"](#) (World Bank, 2020)

⁶⁴ [Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation](#) (ACET, 2020)

⁶⁵ *Ibid*

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informal sources.⁶⁶ According to ACET's recent study on financial inclusion for entrepreneurs, more than 70% of business owners in the country said their main source of funding was either from personal funds/savings or loans from friends and family, compared to less than 20% of those that used credit from commercial banks or MFIs. Moreover, only 1% of SMEs' sources for financing for purchase of fixed assets comes from banks versus 10% for SSA. Limited financing opportunities have also impacted employment as 56% of the population (52% for youth and 66% for women) describe lack of access to finance for starting or supporting a business as the most common reason for not working. Similarly, in a recent 2021 study conducted by UNCDF and DSTI in Sierra Leone, 50% of entrepreneurs cited access to and availability of affordable finance as the main challenge for business development and more than 66% claimed that a major source of start-up capital was their personal savings.⁶⁷ While many entrepreneurs are aware of the potential of financing from banks and MFIs, they are unable to take advantage of these opportunities either due to the high cost of financing or collateral requirements.

There is a greater need for women entrepreneurs who are at a higher disadvantage. The ACET study shows that women older than 35 years were the most entrepreneurial (business ownership rates of 81.6% and 64.4% in urban and rural areas, respectively) but had major challenges in accessing finance because of a highly patriarchal society and institutionalised gender biases.⁶⁸ Institutions are also risk averse and are either not aware or confident of new and innovative models of credit scoring. Hence, FSPs need to be better equipped to understand the unique needs of (women) entrepreneurs in terms of access to land and/or other collateral requirements.

The opportunity to advance financial inclusion for MSMEs is present, but the ecosystem for entrepreneurs and small business owners whereby they can acquire business skills, loans and/or other financial services are not well developed. With clear activities to support these informal businesses by promoting access to appropriate financial products and services, they will be able to reach new levels of growth which could positively impact the employment and economic outlook in the country. The NSFI-2 aims to address inadequate financing and funding for start-ups, SME and start-up incubators, and training opportunities, to facilitate a path to formalising these businesses, allowing them to participate in an increasingly digital economy more effectively.

Priority Intervention Areas (PIAs) and Objectives

The three priority intervention areas under the NSFI-2 are (1) Access to Client-Centric Financial Products and Services, (2) Digital Financial Services, and (3) Financial Education, Financial Literacy, and Consumer Protection. Refer to **Annex IV** for an implementation matrix with a detailed list of activities under each PIA.

⁶⁶ SLIHS 2018

⁶⁷ [Digital and Entrepreneurship Ecosystem Mapping](#) (UNCDF, DSTI, 2021)

⁶⁸ [Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation](#) (ACET, 2020)

Access to Client-Centric Financial Products and Services

Currently, FSPs in Sierra Leone provide a limited range of products and services that typically cater to high-income individuals and large businesses. This unfortunately means that most financial products and services in Sierra Leone are not suited to the needs of low-income and mass-market segments such as MSMEs, smallholder farmers, informal sector enterprises, women and youth, leaving them to be excluded from the formal financial sector. There has been limited innovation and product diversification to specifically meet the needs of these underserved groups. For meaningful financial inclusion, FSPs in the country must innovate and diversify their products and services to include products that are more relevant to their consumers. Introducing new credit, savings, investment, payment, insurance, and pension products will help individuals and businesses manage their risks, smoothen consumption, plan for the future, and meet their financial goals.

Current credit products in the market require collateral or previous credit history which makes it difficult for women and youth who have limited access to assets and any previous form of formal credit. Moreover, there is a lack of savings products that target youth that are recent graduates or those saving for their education. Compared to other countries in the region, product diversification in Sierra Leone is still nascent as there is a lack of options for other products and services such as insurance and pension schemes, and remittances.

Moreover, given the current financial sector context, lack of access to and availability of affordable finance remains a major challenge for most MSMEs in Sierra Leone. Entrepreneurs often resort to using their personal savings, or receiving gifts/loans from friends and family, as their primary source of start-up capital. External sources of funding such as investment, grants, and loans from FSPs are the least common sources of funds among MSMEs due to the high cost of financing and collateral requirements.⁶⁹ There has also been limited innovation in MSME and agricultural finance as FSPs have not developed adequate products and services to better support informal and agricultural businesses.

Activities under this PIA focus on (1) ensuring an efficient documentation and regulatory process to access financial products and services, (2) providing more affordable and innovative products and services that meet the needs of clients, and (3) ensuring MSMEs have an enabling ecosystem and resources to scale up. FSPs can leverage digital technologies to enhance their outreach while ensuring efficiency and effectiveness of services. The focus will be to introduce innovations in microcredit products for the agriculture sector, simplify existing products and requirements to improve their quality, availability, affordability, and suitability, and promote collaboration among industry players to develop products and leverage existing platforms. There will also be activities to educate and incentivise FSPs to support MSME growth, particularly the growth of MSMEs in the agriculture sector.

⁶⁹ [Digital and Entrepreneurship Ecosystem Mapping](#) (UNCDF, DSTI, 2021)

Table 6: PIA 1 - Access to Client-Centric Financial Products and Services

Objective: To promote the development of, and expand access to, client-centric financial products and services geared specifically towards key underserved population groups such as women, youth, rural communities, and MSMEs

Outcomes:

- *Reduced documentation requirements to increase equal access to financial products and services*
- *Broader range of products and services available that cater to the needs of unserved and/or underserved clients*
- *MSMEs have the skills and resources to experience accelerated growth*

Digital Financial Services (DFS)

The IMF and World Bank note that “countries are broadly embracing the potential of fintech to boost economic growth and inclusion, while balancing risks to stability and integrity.”⁷⁰ DFS continues to be a focus for Sierra Leone’s financial inclusion journey. Using UNCDF’s IDES, which takes into consideration the current policies and regulation, the digital infrastructure, innovation ecosystem and consumer’s digital skills, Sierra Leone currently has a digital economy score of 46%.⁷¹ There has been some progress in the DFS landscape in Sierra Leone with the introduction and use of mobile money, electronic payments, and the development of a Regulatory Sandbox. This indicates that there remains a lot to be done to build an ecosystem that drives interoperability among industry players and encourages e-payment transactions among customers. This work includes, but is not limited to, adopting the recently published e-money guidelines, strengthening the Sandbox programme, developing DFS guidelines, and supporting the digital ecosystem.

As highlighted, most people in the country, particularly in rural areas, are excluded from the financial system because of the high operating cost for institutions to expand into the rural and unserved/under-served areas of the country. Institutions have also not yet established a business case and sustainability plan for going into remote locations. DFS, coupled with the use of agents, holds promise to overcome this challenge. These solutions will enable FSPs to expand access points across the country and reach out to underserved/unserved populations mostly women, youth, rural communities and MSMEs. DFS will also reduce the wait-times at bank branches and long travel distances for customers to reach bank branches which can be risky and expensive. This has been confirmed by several studies and is supported by the DFS expansion trend in other countries within the region.⁷²

While there are approximately 2.2 million active DFS users in Sierra Leone⁷³, cash-in and cash-out transactions remain the preferred and most common method of financial transactions. The focus moving forward will be to take advantage of the digital era and leverage DFS solutions to accelerate financial inclusion. With the likely introduction of the national payment switch in 2022, there will be more

⁷⁰ [Fintech: The Experience So far](#) (IMF, World Bank, 2019)

⁷¹ Inclusive Digital Economy Scorecard (UNCDF, 2020)

⁷² [State of the Digital Financial Services market in Sierra Leone](#) (UNCDF, 2021)

⁷³ *ibid*

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interoperability in the sector allowing for faster and real-time transactions. Affordability of smartphones and mobile banking, and reliability of network connectivity are also key challenges that activities under this PIA will address. More focused interventions will also be pursued to encourage innovative Fintechs and to educate the population on using digital technologies.

Table 7: PIA 2 - Digital Financial Services (DFS)

Objective: To promote and leverage innovative technology solutions to exponentially expand access to, and usage of, affordable, safe and appropriate digital financial products and services

Outcomes:

- *Financial infrastructure and connectivity are strengthened*
- *Access to digital financial services and products are more affordable*
- *Spur innovation to drive growth in digital financial services*
- *Digital payments are more efficient with increased interoperability*

Financial Education, Financial Literacy and Consumer Protection

One of the most important elements to promoting financial inclusion is increasing consumers' knowledge of, and capacity to make informed financial decisions while using the requisite financial products and services for their needs. FSPs can introduce the necessary products and services into the market, but without educating and empowering consumers, access and usage of financial products and services will remain low, therefore leading to a low level of financial inclusion.

Currently, there is limited awareness and understanding of financial products and services, a lack of confidence and trust in banks/financial institutions, and low levels of financial competency - all of which have contributed towards financial exclusion in Sierra Leone. Under the NSFI-1, two national financial literacy campaigns were held, and the National Financial Literacy Framework was developed and launched in efforts to improve financial literacy. In addition, consumer protection guidelines were drafted and in 2018, a Consumer Protection Unit was also established at the BSL to promote confidence, discipline, and harmony in the banking sector. The consumer protection guidelines outline the rights and responsibilities of customers. Despite these achievements, consultations with various stakeholders including farmers, NGOs, women groups and financial institutions have highlighted that there continues to be a great need to advance financial education and financial literacy. There is also a need to improve customer service at all FSPs, particularly at commercial banks, and ensure that consumers are protected and feel safe when conducting financial transactions.

Effective financial consumer protection refers to an environment that facilitates informed decision-making through transparency, fair practices and effective complaints handling mechanisms. Consumer protection mechanisms help to address common threats to financial inclusion such as the lack of trust in the formal financial sector, limited competition due to low transparency and unfair practices, and over-indebtedness. As noted previously, only a few incidents of consumer

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grievance against commercial banks have been recorded. Several complaints regarding MMO services have been tracked and some resolved by the operators. The relatively low levels of complaints across all FSPs can be attributed to low levels of awareness about grievance redressal mechanisms, the lack of confidence in redressal outcomes, and unclear processes and procedures.

The NSFI-2 outlines ways to improve on some of the activities previously implemented under the NSFI-1. This includes putting more emphasis on providing financial education in schools and ensuring that the language used to educate rural communities is easy to understand by everyone. The focus in the upcoming years will be to build trust in the financial system by promoting and ensuring consumer protection and improving customer experiences. This will be accomplished by implementing deposit insurance, a more robust consumer complaint and redressal system, educating the financial sector on responsible finance principles and educating customers on their rights.

Table 8: PIA 3 - Financial Education, Financial Literacy and Consumer Protection

Objective: To ensure all Sierra Leoneans have access to appropriate and consistent financial education opportunities, which improves their ability to understand and manage their finances, and allows them to confidently access and utilise available financial products and services, while ensuring their safety and protection

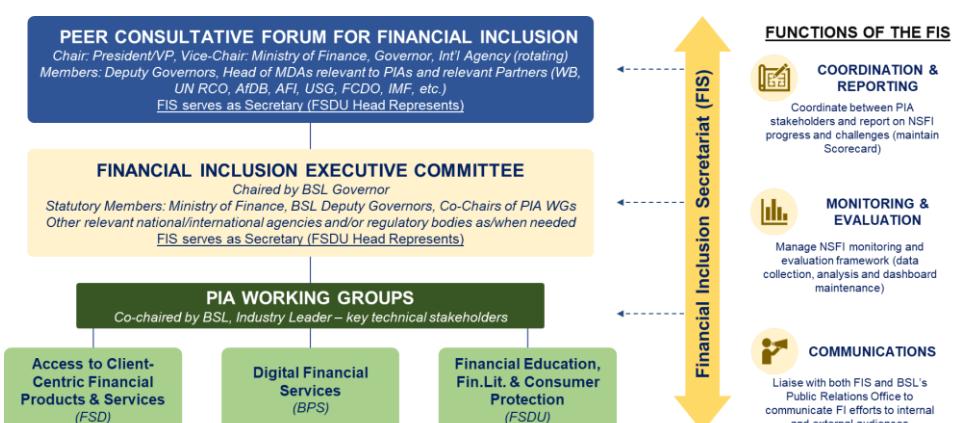
Outcomes:

- Standardised risk assessment mechanisms are adopted to strengthen financial sector stability
- Women, youth, and rural populations have the capacity to make informed financial decisions
- User experience and confidence in the financial sector is improved

Governance & Coordination Structure

The implementation of the NSFI-2 is envisioned as a collaborative process coordinated through technical working groups. The following Governance and Coordination Structure has been developed to ensure that there is coordinated action and collaboration to drive success and accountability:

Figure 11: NSFI-2 Governance & Coordination Structure



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- At the highest level, the NSFI-2 will be governed by a Peer Consultative Forum, chaired by the President of Sierra Leone or their designate.
- A Financial Inclusion Executive Committee will be established, chaired by the Governor of the Bank of Sierra Leone, responsible for direct oversight over implementation of the Strategy and decision making.
- Technical working groups headed by BSL departments, will be created under each PIA to develop proposed recommendations.
- The Financial Inclusion Secretariat will engage at all levels of the governance structure to provide secretarial services, lead coordination, reporting, and monitoring and evaluation functions.

Peer Consultative Forum for Financial Inclusion (PCF)

The governance structure proposes a new “Peer Consultative Forum for Financial Inclusion (PCF)”. This PCF governs the NSFI-2 at the highest level and is to be chaired by the President of Sierra Leone or their designate, and vice-chaired by the Ministry of Finance, the Governor of BSL and the Head of various development agencies on a rotational basis. The PCF is envisioned to be held bi-annually, and provides an opportunity for various international agencies, donors, and MDAs to collaborate on larger systemic and sector-wide issues that relate to financial inclusion, and donor coordination. Financial inclusion is a clear mandate for the country’s broader development plans; it is the responsibility of the PCF to ensure there is visibility on the strategy and goals for financial inclusion at the highest level.

Financial Inclusion Executive Committee (FIEC)

As part of the governance structure, a Financial Inclusion Executive Committee (FIEC) will be established and chaired by the Governor of the BSL, with the Ministry of Finance represented as a statutory member. Other statutory members of the Executive Committee will include BSL Deputy Governors, chairs and co-chairs of the TWGs, Head of the FSDU, and the Manager of the Manager of the Financial Inclusion Secretariat (FIS). Other relevant stakeholders, including key MDAs, national and international agencies, and other development partners will also be invited to the FIEC as required. The Executive Committee will be responsible for strategic and operational oversight of the implementation process and all decision making based on recommendations from the Working Groups.

Technical Working Groups (TWGs)

Technical working groups (TWGs) will be reinstated for each PIA. However, learning from the evaluation and previous experience, the structure of the working groups will be improved to include only industry/technical experts for the PIAs to ensure efficiency and effectiveness. Working groups will also be led and chaired by a relevant BSL department/unit with outcomes tied to performance appraisals to encourage ownership and accountability. For further accountability and balance, TWGs will also be co-chaired by a relevant industry stakeholder on a rotational

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basis. A detailed Terms of Reference (ToR) will be developed following the finalisation of the NSFI-2. The working groups will be responsible for brainstorming and developing recommendations in line with the NSFI implementation plan.

Financial Inclusion Secretariat (FIS)

The Financial Inclusion Secretariat (FIS) will continue to remain as part of the governance structure. The FIS will be housed at the FSDU and will have three main functions:

- (1) *Coordination & Reporting* - The FIS will provide secretarial services at all levels of the governance structure and will be responsible for coordinating between the different stakeholders under each working group. The FIS will also be responsible for reporting on the progress of each of the working groups and the overall strategy through the management of a Scorecard.
- (2) *Monitoring & Evaluation* - A monitoring and evaluation team will also be in place. The team will be responsible for developing and maintaining the NSFI's monitoring and evaluation framework which includes the development of a financial inclusion dashboard. Other responsibilities will be collecting the relevant data, analysis, coordinating with other data teams and the Research and Statistics Department at the BSL, and maintaining the dashboard for accurate reporting and tracking of the various financial inclusion indicators.
- (3) *Communications* - The FIS will be responsible for liaising with BSL's Public Relations Office to better communicate financial inclusion efforts to all internal and external stakeholders, and the public. Communications will play a key role in ensuring there is accountability of the Strategy and to provide publicise updates on the progress that is being made.

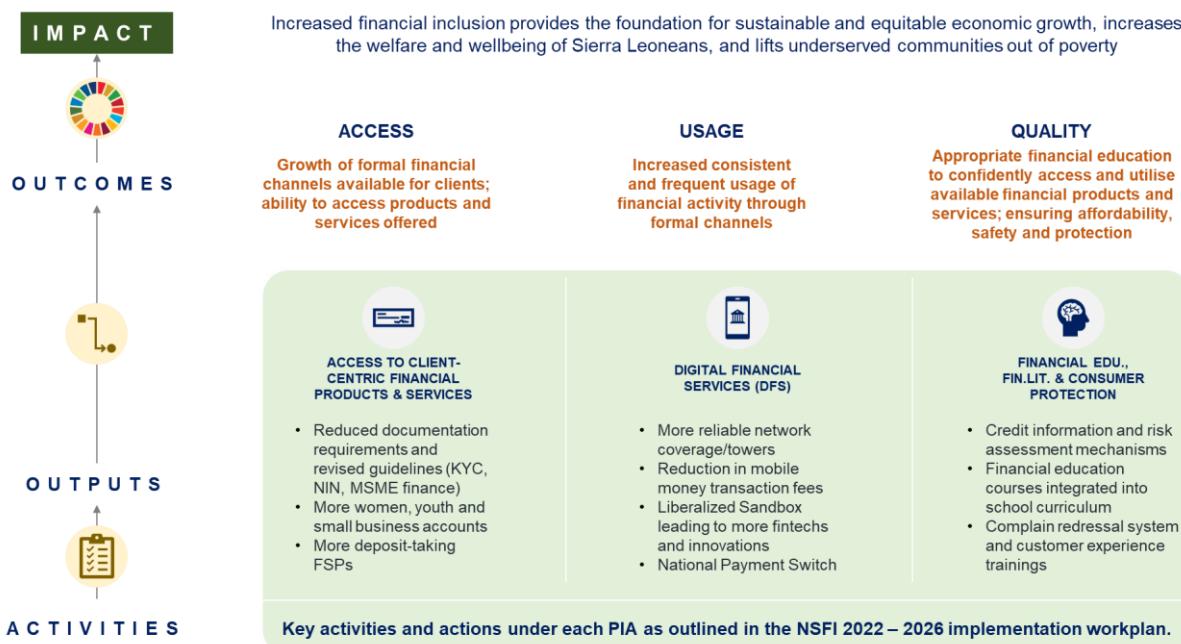
PART V | Monitoring, Evaluation, Accountability & Learning (MEAL)

Successful implementation of the Strategy will depend on being able to accurately measure progress, as well as communicating the outcomes of each PIA. The following MEAL framework demonstrates and highlights delivery of the NSFI-2 to ensure that activities are implemented, and the objectives and targets are achieved.

This framework also serves as an important tool for stakeholder mobilisation and ensuring international consistency. Learnings and information gathered through this process will also feed back into the Data and Information Driver to support evidence-based decision and policy making.

The lack of adequate data and measurement, and monitoring of the previous Strategy was a key takeaway from the evaluation report. It has been challenging to reflect on the progress that was made holistically due to limited data, resources, and monitoring capacity. Data quality, consistent and timely data, coordinated action, and buy-in to support monitoring efforts, have been challenges that the NSFI-2 aims to overcome. Moving forward, the proposed MEAL framework will serve as the “backbone” for the Financial Inclusion Secretariat and aims to provide a more detailed and analytical perspective to all stakeholders of the financial inclusion picture in Sierra Leone. The Framework is influenced by the following Theory of Change (ToC), and the responsibility of the MEAL functions will be housed and managed by the Secretariat.

Figure 12: NSFI-2 Theory of Change



PART V | MEAL

Financial inclusion, and the success of the activities under the NSFI-2 will be measured by access, usage and quality of financial services and products.⁷⁴ Monitoring and evaluation will be core to the implementation of the NSFI. The data and learnings from each of the working groups and implementation of activities will be shared with both the Executive Committee and other necessary stakeholders to ensure there is continuous improvement and that feedback is being incorporated to create a more inclusive financial system.

The following mechanisms will be in place to ensure accountability:

- Indicators on the Financial Inclusion Dashboard will be reported on and updated on a quarterly basis.
- Quarterly reports will be published based on reported data to provide updates on developments in the implementation of the strategy, accomplishments, and progress on financial inclusion.
- A mid-term evaluation to assess the progress the NSFI-2 will be conducted.
- A final term evaluation to assess the success of the NSFI and overall state of financial inclusion in the country will be conducted.
- The Governance Structure in place will also ensure that there is reporting at both the Executive Committee level and at a higher Peer Consultative Forum level that includes donors, development agencies and senior government officials. The Executive Committee will meet on a quarterly basis, while the Peer Forum will aim to meet bi-annually.

Strengthening Financial Inclusion Data Sources

A few initiatives will be undertaken to establish baseline data to better monitor success in the future. The Secretariat will develop, manage, and house an improved financial inclusion dashboard that considers indicators under each dimension: access, usage, and quality (see **Annex V**). A baseline demand-side survey will also be conducted to get a clearer picture of financial inclusion across the country. The baseline data also provides a good foundation to build on as the industry grows and more financial inclusion innovations are brought forth.

Monitoring and Evaluation at Working Group Level

Each working group will be responsible for developing an action plan with SMART goals and objectives. A Scorecard will also be implemented to track the progress of the working groups and will be reported back to the Executive Committee. The Secretariat will maintain membership within each working group and will take ownership of maintaining and reporting on the Scorecard. This will ensure that outputs under each PIA are being met and that the TWGs are held accountable.

With this framework, the Bank of Sierra Leone will be better equipped to measure and report on the progress of the NSFI and financial inclusion over the implementation period.

⁷⁴ "AFI Core Set of Financial Inclusion Indicators", AFI 2019

PART VI | Risks & Risk Mitigation Strategies

A number of internal and external risks pose a threat to the successful implementation of this new Strategy. Understanding these risks and developing risk mitigation strategies are important to ensure that the Strategy is carried out successfully. The following table highlights key anticipated risks and appropriate mitigation strategies.

Table 9: Risks & Risk Mitigation Strategies

Risk	Description	Mitigation Strategies
	Internal Risks	
<i>Lack of buy-in, ownership and commitment</i>	<ul style="list-style-type: none"> Risk that the NSFI-2 will be seen as another BSL or FIS “project” All stakeholders including BSL, must understand their roles and responsibilities, be committed, and held accountable in delivering on the expected outcomes 	<ul style="list-style-type: none"> Received buy-in and approval of the Strategy from BSL’s Board of Directors; establish a subcommittee for financial inclusion at the Board level Working groups will be chaired by relevant BSL department heads and the expected deliverables will be tied to performance appraisals Balanced ownership and accountability of working groups by selecting industry stakeholder as co-chair Outcomes are linked to the MTNDP and other national strategies to hold relevant MDAs accountable Host quarterly Executive Committee meetings as well as bi-annual Peer Consultative Forum meetings Regular internal training and sensitisation workshops with BSL before and during implementation of the Strategy
<i>Unexpected and changing macroeconomic conditions</i>	<ul style="list-style-type: none"> Unplanned macroeconomic conditions could lead to BSL prioritising other interventions aside from the NSFI 	<ul style="list-style-type: none"> A contingency plan will be put in place to mitigate any negative impact(s) from macroeconomic outcomes to maintain implementation of the strategy

PARK VI: RISKS & RISK MITIGATION STRATEGIES

Risk	Description	Mitigation Strategies
<i>Fiscal conditions</i>	<ul style="list-style-type: none"> Tight fiscal conditions could lead BSL to prioritise spending on other areas not aligned with financial inclusion goals 	<ul style="list-style-type: none"> A funding matrix will be developed to identify financial commitments from BSL, other potential MDAs, donors
<i>Limited human resources and capacity</i>	<ul style="list-style-type: none"> Without proper staff levels and/or qualified staff, there is a risk that implementation will be slow and challenging 	<ul style="list-style-type: none"> BSL will seek Board approval to ensure appropriate staffing for implementation of the strategy BSL will seek commitments from partners for technical assistance, as needed
External Risks		
<i>Lack of stakeholder engagement</i>	<ul style="list-style-type: none"> Relevant stakeholders are not brought into the implementation process and/or lose interest for various reasons 	<ul style="list-style-type: none"> Clear ToRs will be developed for each working group with clear roles and responsibilities Created a communication function for the FIS that will work closely with BSL's Public Relations office to develop appropriate financial inclusion communications material Selection of co-chairs of each working group will be made based on their commitment and willingness to the promotion of financial inclusion Working groups are limited in size to industry players who are vetted as relevant and active in driving change
<i>Poor and unreliable, or lack of necessary infrastructure</i>	<ul style="list-style-type: none"> The National Payment Switch has not yet been implemented, or experiences delays in implementation Limited and poor mobile and internet network coverage 	<ul style="list-style-type: none"> More accountability for timely delivery as the project implementation is tied to World Bank "Sierra Leone Financial Inclusion Project" Engage key players such as NATCOM, Telcos and UADF as part of working groups

PARK VI: RISKS & RISK MITIGATION STRATEGIES

Risk	Description	Mitigation Strategies
<i>Upcoming elections (2023)</i>	<ul style="list-style-type: none"> • Several challenges and other activities during election periods which can delay implementation • A change in government can also potentially lead to a shift in leadership and priorities 	<ul style="list-style-type: none"> • PIA activities will be prioritised, focusing on activities that minimise potential conflicts with election period activities. • The NSFI has been developed in alignment with the Government's medium-term development plan. • Maintain discussions at the Peer Consultative Forum to highlight the importance of financial inclusion and its positive impact on the economy and livelihoods of citizens and to ensure continuity of implementation
<i>Lengthy parliamentary processes</i>	<ul style="list-style-type: none"> • When policy/regulatory instruments require Parliamentary approval, there can be delays in legislative review and subsequent enactment, implementation 	<ul style="list-style-type: none"> • Institutionalise Executive Committee and/or Peer Consultative Forum processes to formally engage relevant Parliamentary committees on recommended policy/regulatory instruments when approval is required

PARK VI: RISKS & RISK MITIGATION STRATEGIES

Risk	Description	Mitigation Strategies
<i>Limited or lack of external financial commitments</i>	<ul style="list-style-type: none"> • More partners are tying funding to implementation • Global environmental and economic challenges could threaten support for implementation of the strategy 	<ul style="list-style-type: none"> • The NSFI is developed with a focused approach with specific activities that can be realistically accomplished in the proposed period • Proposed activities currently tie with other initiatives such as the World Bank "Sierra Leone Financial Inclusion Project" • Peer Consultative Forum provides a platform to engage directly and coordinate with partners, development agencies and donors on financial inclusion efforts. • BSL and implementing stakeholders will seek to establish funding mechanisms (such as a pool fund for Financial Inclusion or the Ag Credit Facility) which can support implementation of key actions relevant to women, youth, and rural populations in the event of any environmental and economic challenges • A funding matrix is developed to identify financial commitments from BSL, other potential MDAs, donors
<i>Impact of COVID-19 and the risk of other pandemics, shocks</i>	<ul style="list-style-type: none"> • The current COVID-19 pandemic and other pandemics that could come up in the future could disrupt the implementation of some deliverables under the strategy 	<ul style="list-style-type: none"> • Development of a Financial Inclusion Pandemic Crisis Management Taskforce (FIPCM) as defined by AFI⁷⁵ • Frequently review the relevance and progress of the strategy based on current context and circumstances to assess the feasibility of implementing various activities • Should travel restrictions still have an impact, the implementation will leverage technology to work remotely on some deliverables of the strategy.

⁷⁵ [Mitigating the Impact of Pandemic Crises on National Financial Inclusion Strategies \(NFIS\) Policy Note](#), AFI

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Annex I: Key Stakeholder Consultations

Consultations held in Freetown

Group	Invited Participants/Stakeholders
Mobile Money Operators (MMOs) <i>November 29, 2021</i>	Qcell Orange Money AfriMoney
Education <i>November 29, 2021</i>	Teachers Service Commission (TSC) Sierra Leone Adult Education Association (SLADEA) Ministry of Information & Communication (MIC)
Commercial Banks <i>November 29, 2021</i>	Ecobank Sierra Leone Vista Bank United Bank for Africa (UBA) Keystone Bank Commercial and Mortgage Bank (CMB)
Other Financial Institutions (FX, Discount Houses, Insurance Companies) <i>November 30, 2021</i>	First Discount House Ltd. (FDHL) Freetown Foreign Exchange Afro International Tanue International Wickburn Foreign Exchange Capital Discount House (CDH) Staco Insurance National Insurance Company (NIC) Freetown Nominees Royal Ark Forex Bureau
Business and Innovation <i>December 1, 2021</i>	Small and Medium Enterprises Development Agency Sensi Tech Hub Big Bang World Sierra Leone Chamber of Agribusiness Development Directorate of Science, Technology and Innovation (DSTI) Sierra Leone Fintech Association Mosabi Multimedia Plus
Other Financial Institutions (e.g. MFIs, Credit Unions, Apex Bank, etc.) <i>December 2, 2021</i>	WinTrust Investment BRAC Microfinance SL LTD National Cooperative Credit Union Association (NACCUA) Munafa Social Microfinance Payee Day Loan ASA Microfinance Rokel Commercial Bank Livelihood Development for Human Rights Promotion LAPO Microfinance Bank for Innovation and Partnership (BIP) Microfinance Ecobank Microfinance Apex Bank Dalen Development Consultants

ANNEX I: KEY STAKEHOLDER CONSULTATIONS

Women, Youth, Rural Associations and Groups <i>December 3, 2021</i>	Ministry of Local Government and Rural Development (MLGRD) Ministry of Information and Communication (MIC) National Association of Farmers of Sierra Leone (NAFSL) Company for Good Financial System (CGFS) Sierra Leone Labour Congress Advocacy Initiative for Development (AID) Sierra Leone International Development Foundation (ILCUF) Ministry of Gender and Children Affairs (MoGCA) Hope for African Women and Children Sierra Leone (HAWOC) National Youth Commission (NAYCOM) National Organisation for Women (NOW-SL) Limitless Foundation National Commission for Social Action (NaCSA)
Community Radio Stations <i>December 8, 2021</i>	Radio Vopad Waterloo Destiny Radio 94.1 FM Radio Mount Aureol/Cotton Tree News (CTN) Education Radio UV Radio 103.1 FM Mercury Radio 92.1 FM VOH 96.2 FM Radio Peninsula 96
Government Agencies and Regulators <i>Various Dates via Zoom</i>	Bank of Sierra Leone (BSL) National Telecommunications Commission (NATCOM) National Social Security and Insurance Trust (NASSIT) Sierra Leone Insurance Commission (SLICOM) Financial Intelligence Unit (FIU) Ministry of Finance (MoF) National Civil Registration Authority (NCRA) National Revenue Authority (NRA)

ANNEX I: KEY STAKEHOLDER CONSULTATIONS

District Consultations

Region	Invited Participants/Stakeholders
Makeni/Bombali District <i>December 6, 2021</i>	Makeni City Council Makeni Union of Youth Groups Sierra Leone Teachers Union (SLTU) Amzas Radio Traders Union Women's Action for Human Dignity (WAHD-SL) Farmer's Association Drivers Union Welthungerhilfe Bike Riders Union Robine Farmers Association
Kenema District <i>December 8, 2021</i>	Ministry of Basic and Senior Secondary Education (MBSSE) (Kenema) National Islamic Secondary School (NISS) Largo Traders Union (Kenema) Kenema District Education Committee School (KDECS) Women in Action for Development (WAD SL) Eastern Technical University (ETU) Sierra Leone Vote Radio Kenema District Council Apex Bank Kamboi Radio Kenema Drivers Union Bike Riders Union (Kenema) Nyaluhun Radio Sierra Leone Police Ngombu Youth Tissor Youth
Bo District <i>December 9, 2021</i>	Ministry of Agriculture and Forestry (MAF) (Bo) Bo City Council (BCC) Bo District Council Bo Drivers Union Market Women Association (Bo) MOPANDA Microfinance Sierra Leone Teachers Union (SLTU) Ministry of Youth Affairs (MOYA) NAYCOM Radio New Song

Annex II: Mobile Operator Tariffs

Q-Cell

Voice Tariff		SMS Tariff	
On-net	Le300/Min	On-net	Le10/SMS
Off-net	Le400/Min	Off-net	Le135/SMS

QCELL's TOK BOKU BOKU OFFER (Bundle Packages Tariff (Voice, Data & SMS))					
Validity	Rate (Le)	Minutes	SMS	MB	Offnet
Daily	1500	4 Mins	50 SMS	40 MB	0 Min
Daily	2000	6 Mins	80 SMS	50 MB	0 Min
Weekly	2500	8 Mins	100 SMS	80 MB	0 Min
Weekly	5000	16 Mins	200 SMS	200 MB	0 Min
Bi-Weekly	10000	30 Mins	500 SMS	500 MB	1 Min
Bi-Weekly	15000	42 Mins	Unlimited SMS	1GB	4 Min
Monthly	20000	52 Mins	Unlimited SMS	1.5GB	8 Mins

QTOK (Bundle Packages Tariff (Voice, Data & SMS))					
Validity	Rate (Le)	Minutes	SMS	MB	
Daily	2000	6 Mins	80 SMS	50 MB	

Data Bundle Tariff							
Bundles	Cost (Le)	Bonus	Validity	Bundles	Cost (Le)	Bonus	Validity
10MB	200	1day	1day	500Mb	6,000	30days	30days
15MB	350	1day	1day	1.5GB	9,000	30days	30days
25MB	500	1day	1day	3Gb	25,000	30days	30days
60MB	1,250	7days	7days	5Gb	40,000	60days	60days
100MB	2,000	14days	14days	10Gb	75,000	60days	60days
200MB	3,500	14days	14days				

ANNEX II: MOBILE OPERATOR TARIFFS

Orange

Data Bundle	MB	Rate (Le)	Rate (USD)	Validity
15 MB	15	400	0.04	24hrs
65 MB	65	1,390	0.12	24hrs
250 MB	250	4,500	0.40	24hrs
100 MB	100	2,000	0.18	7 Days
500 MB	500	8,000	0.71	7 Days
1.5GB	1,536	15,000	1.33	7 Days
2.5 GB	2,560	35,000	3.11	30days
8 GB	8,192	100,000	8.88	30days
13GB	13,312	150,000	13.33	30days
30 GB	30,720	300,000	26.65	30days
Social Pack (WTF) 45MB	45	1,490	0.1	1
Social Pack (WTF) 200MB	100	4,990	0.4	1
Data Kola (12am -5am)	Unlimited	2,000	0.2	5Hrs
Spak (Student Pack)				
15 MB	15	350	0.0	24Hrs
65 MB	65	1,200	0.1	24Hrs
250 MB	250	4,000	0.4	24Hrs
120 MB	120	1,500	0.1	7 Days
600 MB	600	6,000	0.5	7 Days
1.3 GB	1,331	9,000	0.8	7 Days
3 GB	3,072	15,000	1.3	30 Days
8 GB	8,192	100,000	8.9	30 Days
13 GB	13,312	150,000	13.3	30 Days
30 GB	30,720	300,000	26.7	30 Days
Prepaid Roaming Data				
Data Bundle	MB	Rate (Le)	Validity	
Ecowas				
50MB	50	30,000	24HRs	
250MB	250	175,000	7days	
1GB	1,024	600,000	30days	
Rest of Africa				
25MB	25	30,000	24HRs	
150MB	150	175,000	7days	
400 MB	400	500,000	30days	
Europe				
25MB	25	30,000	24HRs	
150MB	150	175,000	7days	
400MB	400	500,000	30days	
North America				
50MB	50	30,000	24HRs	
350MB	350	175,000	7days	
1 GB	1,024	500,000	30days	

ANNEX II: MOBILE OPERATOR TARIFFS

Orange Tariffs (cont'd)

TIME BAND	Fambul		Employee	
	4am - 1am	1am-4am	4am - 1am	1am-4am
	<i>Leones per minute</i>		<i>Leones per minute</i>	
Intra CUG	-	-	-	-
On-net	650	650	650	650
Off-net- All	650	650	650	650
International	Refer to International Tariff Master			
SMS On-net	90	-	90	-
SMS Off-net	135	135	135	135
INTL SMS	360	360	360	360

On-Net Cash Out Fee (Mcom)		
Tariff Bands		
From (Le)	To (Le)	Fees
1,000	14,999	450
15,000	29,999	790
30,000	59,999	1,530
60,000	149,999	3,050
150,000	299,999	6,100
300,000	599,999	11,500
600,000	1,000,000	17,400
1,000,000	1,999,999	26,100
2,000,000	2,999,999	43,500
3,000,000	3,999,999	53,000
4,000,000	6,999,999	87,000
7,000,000	15,000,000	157,000

P2P TARIFFS		
From (LC)	To (LC)	Fees
1,000	100,000	870
100,001	500,000	1,750
500,001	3,000,000	4,350
3,000,001	15,000,000	8,700
W2B TARIFF		
From (Le)	To (Le)	Fees
10,000	149,999	525
150,000	599,999	1,650
600,000	999,999	5,500
1,000,000	3,999,999	7,500
4,000,000	6,999,999	18,000
7,000,000	15,000,000	27,000

ANNEX II: MOBILE OPERATOR TARIFFS

Africell

AFRICELL MOBILE MONEY BUNDLE						
Bundle Name	MB Given	Price	Validity	Offer		
11MB	11	SLL 200	1	100% Bonus on all bundles for Same Number Only		
20MB	20	SLL 350	1			
30MB	30	SLL 500	1			
75MB	75	SLL 1,200	1			
260MB	260	SLL 4,000	1			
62MB	62	SLL 1,250	7			
125MB	125	SLL 1,500	7			
625MB	625	SLL 6,000	7			
1.4GB	1,434	SLL 9,000	7			
2.5GB	2,560	SLL 15,000	7			
1.6GB	1,638	SLL 9,000	30			
3.1GB	3,174	SLL 15,000	30			
7.5GB	7,680	SLL 35,000	30			
22GB	22,528	SLL 100,000	30			
35GB	35,840	SLL 150,000	30			
75GB	76,800	SLL 300,000	30			
Long validity Bundles	6,144	SLL 40,000	60	NA		
	12,288	SLL 75,000	60			
SOCIAL MEDIA BUNDLE	46	SLL 1,500	Daily			
	210	SLL 4,990	Daily			
	1,000	SLL 10,000	Daily			
Ladida MiFi Bundle (Pay as you go)	20,480	SLL 120,000	30 days			
	51,200	SLL 250,000	30 days			
	102,400	SLL 400,000	30 days			
Student Link Up Bundle						
Bundle Name	MB Given	Price	Validity	Bonus Given		
15MB	15	SLL 400	1 Day	10%		
60MB	60	SLL 1,350	1 Day	10%		
215MB	215	SLL 3,990	1 Day	10%		
125MB	125	SLL 1,990	7 Days	20%		
450MB	450	SLL 5,990	7 Days	20%		
1.3GB	1,331	SLL 9,000	7 Days	20%		
2GB	2,560	SLL 15,000	30 Days	25%		
Africell Night Browsing						
Bundle Name		Price	Duration			
Sokor Bundle		SLL 1,500	2am - 6am			
Ya OL Net		SLL 1,000	12am - 6am			
AFRICELL - Voice Tariff						
On-Net per min		Off-Net per min				
Call	SMS	Orange	SierraTel	Qcell	SMS	
650	90	650	650	650	135	

ANNEX II: MOBILE OPERATOR TARIFFS

Africell Tariffs (cont'd)

Unlimited 4G MiFi Bundles			
Bundle Name	Speed	Price	Validity
Unlimited Internet Routers	3 MBps	SLL 575,000	30 Days
	6 MBps	SLL 900,000	30 Days
	10 MBps	SLL 1,400,000	30 Days
Unlimited Internet MiFi bundle Via Mobile Money	3 MBps	SLL 350,000	30 Days
	6 MBps	SLL 650,000	30 Days
	10 MBps	SLL 950,000	30 Days
Router Device Cost:		Le 500,000	
MiFi Device Cost:		Le 200,000	

Afrimoney - P2P			
From User	From User	Transaction Amount	Service Charge
		From	To
Subscriber	Subscriber	1,000	100,000
		100,001	500,000
		500,001	3,000,000
		3,000,001	15,000,000
Afrimoney - Cashout			
From User	From User	Transaction Amount	Cashout Charge
		From	To
Subscriber	Agent	1,000	4,999
		5,000	14,999
		15,000	29,999
		30,000	59,999
		60,000	149,999
		150,000	299,999
		300,000	599,999
		600,000	999,999
		1,000,000	1,999,999
		2,000,000	2,999,999
		3,000,000	3,999,999
		4,000,000	6,999,999
		7,000,000	15,000,000

Annex III: Gap Analysis

Gaps and Constraints Identified	Proposed Activity under Implementation Plan
Collateral requirements/issues for individuals and businesses, especially for farmers in rural areas, women and youth who do not have many assets to use as collateral	<ul style="list-style-type: none"> Review and adapt a framework to ease collateral requirements for individuals and businesses, and advance the collateral registry for movable and intangible assets
Lack of adequate policies and lending guidelines for MSME finance to support MSME growth,	<ul style="list-style-type: none"> Review and revise the SMEDA Act to provide clear segmentation of and guidelines for MSMEs through streamlining of the registration and promotion of MSME finance standards Develop and review prudential regulation and lending guidelines for MSME finance
No product development for agricultural loans/agri-finance (i.e., agriculture loans do not match with the crop cycle, same loan for different value chains)	<ul style="list-style-type: none"> Develop a credit guarantee scheme for FSPs that have diversified loan products for different agricultural value chains
More technical assistance and capacity building is needed for MSMEs in the informal sector, farmers to build agriculture value chains	<ul style="list-style-type: none"> Facilitate partnerships with FSPs and innovation hubs, incubators to develop and host quarterly coordinated training for MSMEs on access to finance, enhancing creditworthiness, business, and market development, etc.
Limited opportunities, access to finance and financial products to support credit for MSMEs	<ul style="list-style-type: none"> Expand existing Munafa Fund to develop a debt/equity investment facility for innovative MSMEs targeted to specific sectors in partnership with FSPs and development partners/DFIs
Lack of savings-focused/related products amongst MFIs, banks, and other financial institutions; no savings culture to support long-term savings mobilisation	<ul style="list-style-type: none"> Link informal forms of savings structures (e.g., VSLAs, Osusus, etc.) to regulated FSPs Review and revise current Other Financial Services Act, 2001 and regulation accordingly (e.g. strengthen the MFI sector, provide more clarity for other non-bank financial institutions, savings mobilisation, etc.)

ANNEX III: GAP ANALYSIS

Gaps and Constraints Identified	Proposed Activity under Implementation Plan
Need for better product diversification to support the requirements and needs for women, youth and farmers; FSPs require technical assistance to develop customer-centric products	<ul style="list-style-type: none"> Conduct a product mapping and analysis of existing client-centric products and services by FSPs and analyse the needs of target population groups Host and facilitate regular training sessions for FSPs on product design and development for women, youth, farmers and MSMEs to increase outreach and sustainability Review and/or revise existing insurance policy/regulation/strategies to include products and provisions targeted to the rural communities
KYC guidelines need to be adapted and revised to better serve lower-tier communities; need to use and access the country's NIN database	<ul style="list-style-type: none"> Review tiered KYC guidelines to ensure all segments are captured, and raise awareness of guidelines to FSPs and public Support and strengthen identity data sharing and interoperability infrastructure between NCRA, BSL and FSPs for effective identity verification relevant for eKYC purposes
Lack of reliable connectivity, especially in rural areas	<ul style="list-style-type: none"> Conduct Access Gap study and propose more innovative public private partnership models to extend network coverage to underserved rural areas Assess the practicality and feasibility of utilising the existing and planned digital transformation of SALPOST infrastructure as financial services hubs to expand financial access to rural communities
Cost of smartphones is expensive and not easily accessible for rural communities (i.e., high fees to import, taxes, etc.)	<ul style="list-style-type: none"> Promote private sector-led initiatives and programs to make smartphones more accessible and affordable to the public
Lack of interoperability in the financial sector which has limited the use of digital payments	<ul style="list-style-type: none"> Launch the National Payment Switch and onboard FSPs, MNOs, DFSPs and retail platforms to promote and drive interoperability within the government and financial sector, especially in rural areas Mandate the digitalisation of all public services payment processes (G2P, P2G) as well as government salary payments in line with the Government's digital transformation goals

ANNEX III: GAP ANALYSIS

Gaps and Constraints Identified	Proposed Activity under Implementation Plan
Unclear regulations and guidelines on USSD processes, fee schedules and transaction costs which has made it more expensive	<ul style="list-style-type: none"> • Review existing numbering regulation and structures (i.e., USSD) to clearly define the mandate of the different users to reduce transaction costs, streamline registration processes and incorporate centralised feedback mechanisms • Develop new policies, regulations, and guidelines to lower digital payment transaction costs
No start-up ecosystem and limited innovation to support Fintechs, new businesses and young entrepreneurs	<ul style="list-style-type: none"> • Expand and strengthen BSL's Regulatory Sandbox technical capacity to accelerate the introduction of new fintech products into the market while balancing risks • Accelerate DFS and fintech innovations (particularly digital financial literacy solutions) through fintech and other innovative competitions • Foster collaboration, innovation and communication among the fintech industry through various forums and stakeholder engagement activities
Institutions are not linked or have access to credit reference bureaus, limited information sharing to make decisions	<ul style="list-style-type: none"> • Mandate that all credit lending financial institutions upload client information to the Credit Reference Bureau (CRB) and that CRB is automated • Establish a CRB Awareness and Compliance Review Forum to promote awareness of and compliance to CRB processes and procedures among FSPs • Ensure compliance with processes and use of CRB by institutionalising examination as part of BSL regulatory examination processes • Conduct surveys and/or research to assess innovative credit reference checks and credit worthiness (i.e., using history of mobile money transactions)

ANNEX III: GAP ANALYSIS

Gaps and Constraints Identified	Proposed Activity under Implementation Plan
Need for financial education and literacy for all people; tools need to be adapted for the audience (i.e., using informal terms and local languages)	<ul style="list-style-type: none"> • Conduct mapping of women, youth, rural and MSME focused programming channels, and promote an increase in the frequency and consistency of BSL approved financial education messaging via these channels • Develop official BSL Financial Literacy Messaging Toolkits in different local languages to be used in informal settings for public awareness and education • Integrate BSL approved and standardised financial education into school curriculums (particularly in middle and upper grades) and out of school (i.e., adult education) programs • Identify and engage trusted community leaders (e.g., religious and traditional leaders, Osusu masters, women and youth leaders) in BSL approved financial education and literacy campaigns and messaging
Poor banking experience and customer service for clients	<ul style="list-style-type: none"> • Develop a specialised consumer complaints and redressal system to improve customer feedback and quality of services
Not enough mechanisms to protect customers which has led to a lack of trust in the financial system	<ul style="list-style-type: none"> • Develop and implement a strategy for market conduct supervision and issue regulations to set minimum standards for financial consumer protection in credit and non-credit products • Implement and expand coverage of Deposit Protection Fund (DPF) to strengthen consumer confidence in opening regulated deposit accounts • Review existing data privacy and protection legal framework to include cybersecurity and implications on DFS

Annex IV: NSFI-2 Implementation Matrix

PIA 1: Access to Client-Centric Financial Products and Services <i>To promote the development of, and expand access to, client-centric financial products and services geared specifically towards key underserved population groups such as women, youth, rural communities, and MSMEs</i>			
Outcome	Activity	Timeframe	Lead Responsibility
<i>Reduced documentation requirements to increase equal access to financial products and services</i>	Review and adapt a framework to ease collateral requirements for individuals and businesses, and advance the collateral registry for movable and intangible assets	Q2 2023	BSL
	Review tiered KYC guidelines to ensure all segments are captured, and raise awareness of guidelines to FSPs and public	Q4 2023	BSL
	Review and revise current Other Financial Services Act, 2001 and regulation accordingly (e.g. strengthen the MFI sector, provide more clarity for other non-bank financial institutions, savings mobilisation, etc.)	Q1 2024	BSL
	Support and strengthen identity data sharing and interoperability infrastructure between NCRA, BSL and FSPs for effective identity verification relevant for eKYC purposes	Q4 2023	NCRA, BSL, Industry
<i>Broader range of products and services available that cater to the needs of unserved and/or underserved clients</i>	Conduct a product mapping and analysis of existing client-centric products and services by FSPs and analyse the needs of target population groups	Q4 2023	BSL
	Host and facilitate regular training sessions for FSPs on product design and design and development for women, youth, farmers and MSMEs to increase outreach and sustainability	Q2 2023, On-going	BSL, Industry, Dev. Agencies
	Review and/or revise existing insurance policy/regulation/strategies to include products and provisions targeted to the rural communities	Q4 2023	NASSIT
	Link informal forms of savings structures (e.g., VSLAs, Osusus, etc.) to regulated FSPs	On-going	BSL, Industry, Dev. Agencies
	Develop a credit guarantee scheme for FSPs that have diversified loan products for different agricultural value chains	Q1 2026	BSL, MAF, DFIs, Industry
<i>MSMEs have the skills and resources to</i>	Review and revise the SMEDA Act to provide clear segmentation of and guidelines for MSMEs through streamlining of the registration and promotion of MSME finance standards	Q4 2023	SMEDA

ANNEX IV: NSFI-2 IMPLEMENTATION MATRIX

<i>experience accelerated growth</i>	Develop and review prudential regulation and lending guidelines for MSME finance	Q1 2024	BSL, SMEDA
	Facilitate partnerships with FSPs and innovation hubs, incubators to develop and host quarterly coordinated training for MSMEs on access to finance, enhancing creditworthiness, business, and market development, etc.	On-going	Industry
	Expand existing Munafa Fund to develop a debt/equity investment facility for innovative MSMEs targeted to specific sectors in partnership with FSPs and development partners/DFIs	Q4 2024	SMEDA
PIA 2: Digital Financial Services			
<i>To promote and leverage innovative technology solutions to exponentially expand access to, and usage of, affordable, safe and appropriate digital financial products and services</i>			
Outcome	Activity	Timeframe	Lead Responsibility
<i>Financial infrastructure and connectivity are strengthened</i>	Conduct Access Gap study and propose more innovative public private partnership models to extend network coverage to underserved rural areas	Q3 2023; On-going	NATCOM, Industry
	Assess the practicality and feasibility of utilising the existing and planned digital transformation of SALPOST infrastructure as financial services hubs to expand financial access to rural communities	Q4 2026	BSL, SALPOST
<i>Access to digital financial services and products are more affordable</i>	Review existing numbering regulation and structures (i.e., USSD) to clearly define the mandate of the different users to reduce transaction costs, streamline registration processes and incorporate centralised feedback mechanisms	Q2 2024	NATCOM
	Promote private sector-led initiatives and programs to make smartphones more accessible and affordable to the public	Q2 2025	Industry
	Develop new policies, regulations, and guidelines to lower digital payment transaction costs	Q1 2025	BSL
<i>Spur innovation to drive growth in digital financial services</i>	Expand and strengthen BSL's Regulatory Sandbox technical capacity to accelerate the introduction of new fintech products into the market while balancing risks	Q1 2024	BSL
	Accelerate DFS and fintech innovations (particularly digital financial literacy solutions) through fintech and other innovative competitions	Q1 2026	Industry
	Foster collaboration, innovation and communication among the fintech industry through various forums and stakeholder engagement activities	On-going	Industry

ANNEX IV: NSFI-2 IMPLEMENTATION MATRIX

<i>Digital payments are more efficient with increased interoperability</i>	Launch the National Payment Switch and onboard FSPs, MNOs, DFSPs and retail platforms to promote and drive interoperability within the government and financial sector, especially in rural areas	Q4 2022	BSL
	Mandate the digitalisation of all public services payment processes (G2P, P2G) as well as government salary payments in line with the Government's digital transformation goals	Q4 2026	BSL, MoF
PIA 3: Financial Education, Financial Literacy & Consumer Protection			
<i>To ensure all Sierra Leoneans have access to appropriate and consistent financial education opportunities, which improves their ability to understand and manage their finances, and allows them to confidently access and utilise available financial products and services, while ensuring their safety and protection</i>			
Outcome	Activity	Timeframe	Lead Responsibility
<i>Standardised risk assessment mechanisms are adopted to strengthen financial sector stability</i>	Mandate that all credit lending financial institutions upload client information to the Credit Reference Bureau (CRB) and that CRB is automated	Q4 2025	BSL
	Establish a CRB Awareness and Compliance Review Forum to promote awareness of and compliance to CRB processes and procedures among FSPs	Q1 2023; On-going	BSL
	Ensure compliance with processes and use of CRB by institutionalising examination as part of BSL regulatory examination processes	Q2 2024	BSL
	Conduct surveys and/or research to assess innovative credit reference checks and credit worthiness (i.e., using history of mobile money transactions)	Q4 2023	Industry
<i>Women, youth, and rural populations have the capacity to make informed financial decisions</i>	Conduct mapping of women, youth, rural and MSME focused programming channels, and promote an increase in the frequency and consistency of BSL approved financial education messaging via these channels	Q1 2023	BSL, NGOs
	Develop official BSL Financial Literacy Messaging Toolkits in different local languages to be used in informal settings for public awareness and education	Q4 2022	BSL
	Integrate BSL approved and standardised financial education into school curriculums (particularly in middle and upper grades) and out of school (i.e., adult education) programs	Q4 2026	MBSSE, NGOs, SLADEA
	Identify and engage trusted community leaders (e.g., religious and traditional leaders, Osusu masters, women and youth leaders) in BSL approved financial education and literacy campaigns and messaging	Q4 2023	BSL, NGOs

ANNEX IV: NSFI-2 IMPLEMENTATION MATRIX

<i>User experience and confidence in the system is improved</i>	Develop and implement a strategy for market conduct supervision and issue regulations to set minimum standards for financial consumer protection in credit and non-credit products	Q2 2024	BSL
	Develop a specialised consumer complaints and redressal system to improve customer feedback and quality of services	Q4 2023	BSL
	Implement and expand coverage of Deposit Protection Fund (DPF) to strengthen consumer confidence in opening regulated deposit accounts	Q4 2025	BSL, MoF, GoSL
	Review existing data privacy and protection legal framework to include cybersecurity and implications on DFS	Q3 2024	BSL, MoIC

Annex V: Financial Inclusion Dashboard

- Baseline values will be determined following the Financial Inclusion Baseline Survey that will be conducted in Q2 2022
- Annual targets will be determined once a baseline has been established

	INDICATOR	PIA Outcome
ACCESS	Total number of reg. access points*	<ul style="list-style-type: none"> • PIA 1, Outcome 1 • PIA 2, Outcome 1
	Ratio of total reg. access points per total econ. active pop.	<ul style="list-style-type: none"> • PIA 1, Outcome 1 • PIA 2, Outcome 1
	# of reg. access points per 10,000	<ul style="list-style-type: none"> • PIA 1, Outcome 1 • PIA 2, Outcome 1
	% of chiefdoms with at least one reg. access point	<ul style="list-style-type: none"> • PIA 1, Outcome 1 • PIA 2, Outcome 1
	% of reg. access points per econ. active pop.	<ul style="list-style-type: none"> • PIA 1, Outcome 1 • PIA 2, Outcome 1
USAGE	Total # of reg. deposit accounts [†] (disagg. by Youth, Female, MSME)	<ul style="list-style-type: none"> • PIA 1, Outcome 2, 3 • PIA 3, Outcome 3
	Total # of reg. loan accounts held (disagg. by Youth, Female, MSME)	<ul style="list-style-type: none"> • PIA 1, Outcome 2, 3 • PIA 3, Outcome 3
	% of econ. active pop. with at least one reg. deposit account (disagg. By Youth, Female, Rural)	<ul style="list-style-type: none"> • PIA 1, Outcome 2, 3 • PIA 3, Outcome 3
	% of econ. active pop. with at least one reg. loan account (disagg. By Youth, Female, Rural)	<ul style="list-style-type: none"> • PIA 1, Outcome 2, 3 • PIA 3, Outcome 1, 2
	Total volume (#) of reg. transactions (disagg. by type) [‡]	<ul style="list-style-type: none"> • PIA 1, Outcome 2 • PIA 2, Outcome 4
QUALITY	Total value (Le) of reg. transactions (disagg. by type) [‡]	<ul style="list-style-type: none"> • PIA 1, Outcome 2 • PIA 2, Outcome 4
	Avg cost of entry to banking system	<ul style="list-style-type: none"> • PIA 2, Outcome 2
	Avg cost of mobile money transaction	<ul style="list-style-type: none"> • PIA 2, Outcome 2
	% of reg. deposit account with verified NIN	<ul style="list-style-type: none"> • PIA 1, Outcome 1
	Total # of complaints (disagg. by category)	<ul style="list-style-type: none"> • PIA 3, Outcome 3
	Avg complaint resolution time (and disagg. by category)	<ul style="list-style-type: none"> • PIA 3, Outcome 3
	Total # of dormant [§] reg. deposit accounts (disagg. by type)	<ul style="list-style-type: none"> • PIA 3, Outcome 3
	Total # of closed accounts (disagg. by type)	<ul style="list-style-type: none"> • PIA 3, Outcome 3

* Reg. access point = financial access point regulated by BSL.

[†] Regulated deposit account = deposit/withdrawal account (e.g., savings, checking, time deposit, and including mobile money accounts)

[‡] Transaction types = 1) ATM, 2) POS, 3) mobile money, 4) bill payment, 5) remittance

[§]Dormant = account 1-year without transaction



BANK OF SIERRA LEONE
Siaka Stevens Street
P.O. Box 30
Freetown, Sierra Leone
www.bsl.gov.sl