

National Strategy for Financial Inclusion

2017 – 2020





Vision

To make financial services available, accessible and affordable to all Sierra Leoneans and MSMEs, and support inclusive and resilient private-sector led growth.

Objectives

1. To ensure that regulators' capacity is responsive to emerging opportunities in new areas such as digital financial inclusion and supportive of economic growth in Sierra Leone.
2. To enable financial services and delivery channels to leverage technology to design and deliver services for a diverse range of population including women, youth, rural-based population and MSMEs.
3. To improve access to finance for domestic MSMEs in agriculture and other growth sectors identified through demand analysis.
4. To ensure all Sierra Leoneans have sufficient financial competencies to better utilise the financial services available and ensure consumers are protected.
5. To build a robust financial inclusion measurement system, including use of digital data that will encourage and support evidence-based policymaking and improve credit profile of borrowers.
6. To grow financial inclusion among Sierra Leoneans through a multi-stakeholder and collaborative approach.



Financial inclusion is about the broadening of financial services to those people and businesses who do not have access to financial services sector; the deepening of financial services for those who have minimal financial services; and greater financial literacy and consumer protection so that those who are offered financial products can make appropriate choices. The imperative for financial inclusion is both a moral one as well as one based on economic efficiency.

Today, most people and small businesses in Sierra Leone do not fully participate in the formal financial system. They transact exclusively in cash, have no safe way to save or invest money, and do not have access to credit beyond informal lenders and personal networks. Even those with financial accounts may have only limited product choice and are financially illiterate. As a result, a significant amount of wealth is stored outside our financial system, preventing our people from engaging in economic activities that could transform their lives.

It would be fair to say that while we have made some advances, we still have a long way to go to ensure widespread financial inclusion. Sierra Leone began its financial inclusion journey during the drafting of the Financial Sector Development Plan in 2008 in which access to finance formed a key pillar of focus. Indeed our national planning document, the Agenda for Prosperity also recognizes access as an important building block for financial inclusion. In 2009, we joined the Alliance for Financial Inclusion and in 2012 we signed the Maya Declaration, joining 50 other countries across the globe to further financial inclusion. Our Government has also made commitments to the Better than Cash Alliance in 2015 to broaden access to finance through digital means and connect our people to the formal financial sector and enable them to become customers and suppliers within the wider economy.

At the height of the Ebola crisis in 2014-2015, we turned to mobile wallets to make fast, accurate, and secure payments to over 30,000 Response Workers. Before digitization, cash payments were slow, inaccurate, and open to graft and theft. Digitization cut payment times from over one month to around one week, putting an end to payment-related strikes. In doing so, digital payments strengthened Sierra Leone's capacity to contain the Ebola disease, treat those infected, and ultimately save lives.

We are steadily moving from our learning stage to creating enabling frameworks that make it attractive for all financial institutions to target the excluded, while the interests of the excluded are protected through education, competition and regulation. Through the National Strategy for Financial Inclusion 2017 – 2020, the Bank of Sierra Leone will work together with stakeholders to prioritize efforts that remove impediments to greater financial inclusion and find innovative ways to expand access and deliver pro-poor products and services. I am confident that in the foreseeable future, we will bring financial services to a larger majority of Sierra Leoneans.



Dr. Kaifala Marah
Governor

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LIST OF ACRONYMS

AfDB	African Development Bank
AFI	Alliance for Financial Inclusion
AML	Anti-Money Laundering
B2G	Business to Government
B2P	Business to People
BSL	Bank of Sierra Leone
BTCA	Better Than Cash Alliance
CFT	Countering Financing of Terrorism
DfID	Department for International Development
DFS	Digital Financial Services
ERW	Ebola Response Worker
EVD	Ebola Virus Disease
FCAS	Fragile and Conflict Affected States
FSA	Financial Services Association
FSDP	Financial Sector Development Plan
FSP	Financial Service Provider
G2B	Government to Business
G2P	Government to People
IC	Investment Committee
IFC	International Finance Corporation
KYC	Know Your Customer
MoE	Ministry of Education
MoFED	Ministry of Finance & Economic Development
MoTI	Ministry of Trade & Industry
MSME	Micro Small and Medium Enterprises
NATCOM	National Telecommunications Commission
NGO	Non-Governmental Organization
NSFI	National Strategy for Financial Inclusion
P2B	People to Business
P2G	People to Government
RSF	Risk Share Facility
SLL	Sierra Leone Leone
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
WB	World Bank

Acknowledgement

The Bank of Sierra Leone wishes to acknowledge and thank all the stakeholders, development partners and peers that contributed to the National Strategy for Financial Inclusion 2017 – 2020 for Sierra Leone. We would also like to make special mention of the UN Capital Development Fund's resident technical advisor from the UNDP/UNCDF West Africa Digital Financial Inclusion Programme for Fragile & Conflict Affected States for technical support during the drafting and consultation process. We thank the Better Than Cash Alliance (BTCA) and other partners under the National Financial Inclusion Task Force for their peer review.

Government of Sierra Leone, through the Ministry of Finance & Economic Development (MoFED) and Ministry of Trade & Industry (MoTI) have provided strategic guidance and support during the drafting process. The Strategy is in part an outcome of the discussions during the implementation of the President's Recovery Plan after the devastating impact of the Ebola Disease Virus.

In drafting this document, we considered the financial inclusion plans from Fiji, Nigeria, the Philippines and Tanzania. We also wish to thank our stakeholders for their review and feedback.

Executive Summary

Financial inclusion or an inclusive financial system is defined as a state wherein there is effective access to a wide range of financial products and services by all. Financial inclusion is important for every household and business as access to basic financial services such as savings, payments, credit and investments make a substantial positive difference in people's lives. It is likewise considered as an important element that can contribute to broad-based development and inclusive growth.

Interest in building an inclusive financial system has become an important policy and development objective. In Sierra Leone, significant initiatives that support the goal of financial inclusion are being implemented by various stakeholders, under the auspices of the Bank of Sierra Leone's Financial Sector Development Plan 2009 (FSDP 2009), and supported by a range of development partners. These initiatives have borne fruit, yet there remains an opportunity to ensure effective access and use of financial products and services through a well-coordinated and systematic approach toward financial inclusion that targets the key levers of change and innovation to drive inclusion and support real growth in priority areas defined by the Government of Sierra Leone.

This document sets out the National Strategy for Financial Inclusion (NSFI) 2017 – 2020 and aims to optimize collective efforts toward financial inclusion in Sierra Leone. The National Strategy is anchored in the FSDP 2009, which recognizes access to finance as one of the key pillar of private sector growth and stability, and going forward will form one of the strategic pillars of the upcoming successor project. The NSFI 2017 – 2020 is also aligned with the President's Recovery Priorities 2015 – 2017 and the National Agenda for Prosperity 2013-2018.

The NSFI envisions a responsive, development-oriented and inclusive financial system that provides for the evolving needs of Sierra Leone, where the bulk of the population is rural-based, dependent on agriculture, with 70% of the population employed by micro, small and medium enterprises (MSMEs) and 60% of the youth are under or un-employed. Central to this is the role of the Bank of Sierra Leone to coordinate and respond to these challenges. NSFI furthers Bank of Sierra Leone's Maya Commitments as a member of the Alliance for Financial Inclusion (AFI) and Government of Sierra Leone's commitment to the Better Than Cash Alliance (BTCA) to advance the transition from cash to digital payments to promote financial inclusion, to increase transparency and efficiency.

Six key areas necessary for promoting inclusive financial systems have been identified in the National Strategy: (a) responsive policy, regulation, and coordinated action (b) client-centric products and services, (c) digital financial services (d) access to finance for MSMEs, (e) financial literacy, education & consumer protection, and (f) data & measurement. These key areas will govern the strategies that will serve as framework in crafting evidence-based regulations, designing and implementing demand-driven and client-centric programs, and monitoring progress relevant to financial inclusion.



1 Rationale for Strategy

87% of Sierra Leoneans face financial exclusion, with disproportionate levels of access across the country's four regions, especially for the country's backbone the agriculture sector and MSMEs. The Strategy aims to transform the financial sector to serve the under-served and un-served segments of Sierra Leone and contribute to a more inclusive, resilient and economically vibrant country. Anchored in the country's development priorities, mainly the National Agenda for Prosperity and pivoting from the President's Recovery Priorities 2015–2017, the NSFI 2017-2020 is poised to address the inherent barriers of access to financial services.

An inclusive financial system is not only pro-growth but also pro-poor with the potential to reduce income inequality and poverty, promote social cohesion and shared economic development. Financial exclusion, on the other hand, leaves the disadvantaged and low-income segments of society with no choice other than informal options, making them vulnerable to financial distress, debt, and poverty.

This National Strategy for Financial Inclusion is a comprehensive document that utilizes a range of recently available diagnostics and reports (Refer to Annex 1 for comprehensive list of key stakeholders and reports consulted) and meetings with private and public sector stakeholders involved in financial sector development to systematically accelerate the level of inclusion and impact. The NSFI is developed through close consultations with MoTI and MoFED, and is in part an outcome of the discussions held as part of the President's Recovery Priorities.

2 Guiding Principles

The guiding principles that have influenced this national financial inclusion policy framework take into account the nine principles that have been encapsulated by the G20 Financial Inclusion Experts Group which are:

Leadership Cultivate a broad-based government commitment to financial inclusion to help alleviate poverty.

Diversity Implement policy approaches that promote competition and provide market-based incentives for delivery of sustainable financial access and usage of a broad range of affordable services (savings, credit, payments and transfers, insurance) as well as a diversity of service providers.

Innovation Promote technological and institutional innovation as a means to expand financial system access and usage, including addressing infrastructure weaknesses.

Protection Encourage a comprehensive approach to consumer protection that recognizes the roles of government, providers, and consumers.

Empowerment Develop financial literacy and financial capability.

Cooperation Create an institutional environment with clear lines of accountability and coordination within government; and also encourage partnerships and direct consultation across government, business, and other stakeholders.

Knowledge Utilize improved data to make evidence-based policy, measure progress, and consider an incremental “test and learn” approach by both regulators and service providers.

Proportionality Build a policy and regulatory framework that is proportionate with the risks involved in such innovative products and services, and is based on an understanding of the gaps and barriers in existing regulation.

Framework Consider the following in the regulatory framework, reflecting international standards, national circumstances and support for a competitive landscape: an appropriate, flexible, Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT); conditions for the use of agents as a customer interface; a clear regulatory regime for electronically stored value; and market-based incentives to achieve the long-term goal

3 International Comparisons in Financial Inclusion¹

The role of financial inclusion is now globally recognised and many countries have adopted it as an important development agenda. The following sections provide a comparative analysis against comparable G7+ Fragile countries in the Region, non-Fragile West African countries and East and Southern African countries.

3.1. Comparative Analysis against G7+ Fragile countries in West Africa

Formal financial inclusion, as measured by the World Bank Global Findex survey, in Sierra Leone is at par with fragile states in the West Africa Region. The challenges of access to finance are similar across these fragile states, with low levels of financial intermediation.

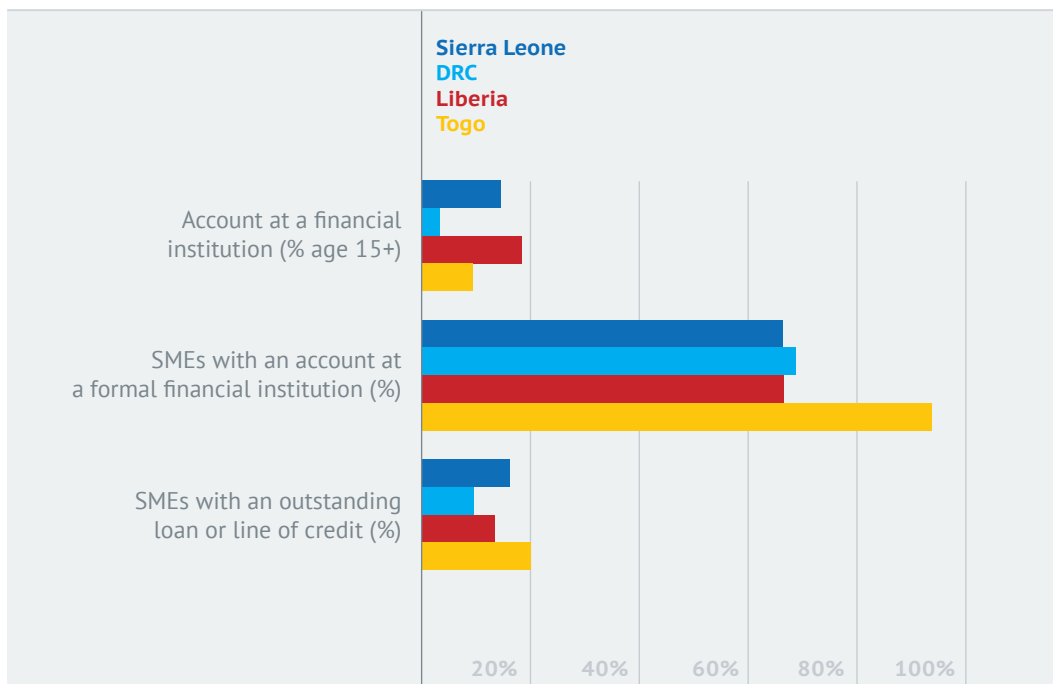
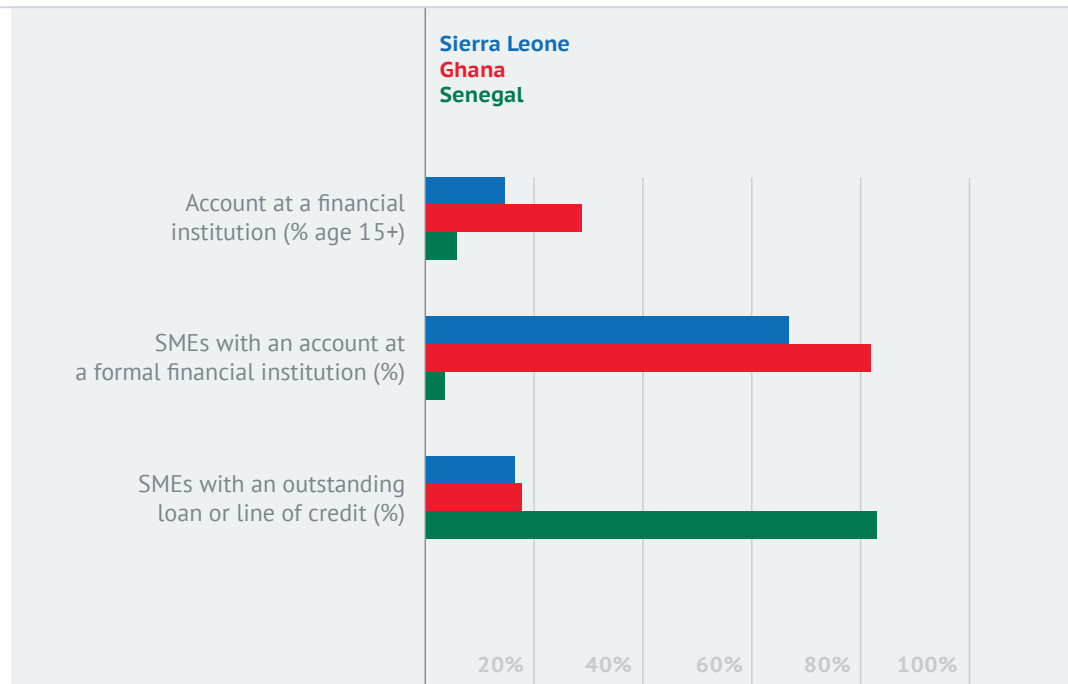


FIGURE 1
Financial Inclusion in Sierra Leone compared with G7+ Fragile countries in West Africa

3.2. Comparative Analysis Against non-Fragile countries in West Africa

Sierra Leone performs better than Senegal in the Region in basic account opening, however lags behind in access to credit for SMEs. Access to credit for SMEs is a challenge even in Ghana representing common regional challenges that will benefit from greater south-south collaboration.

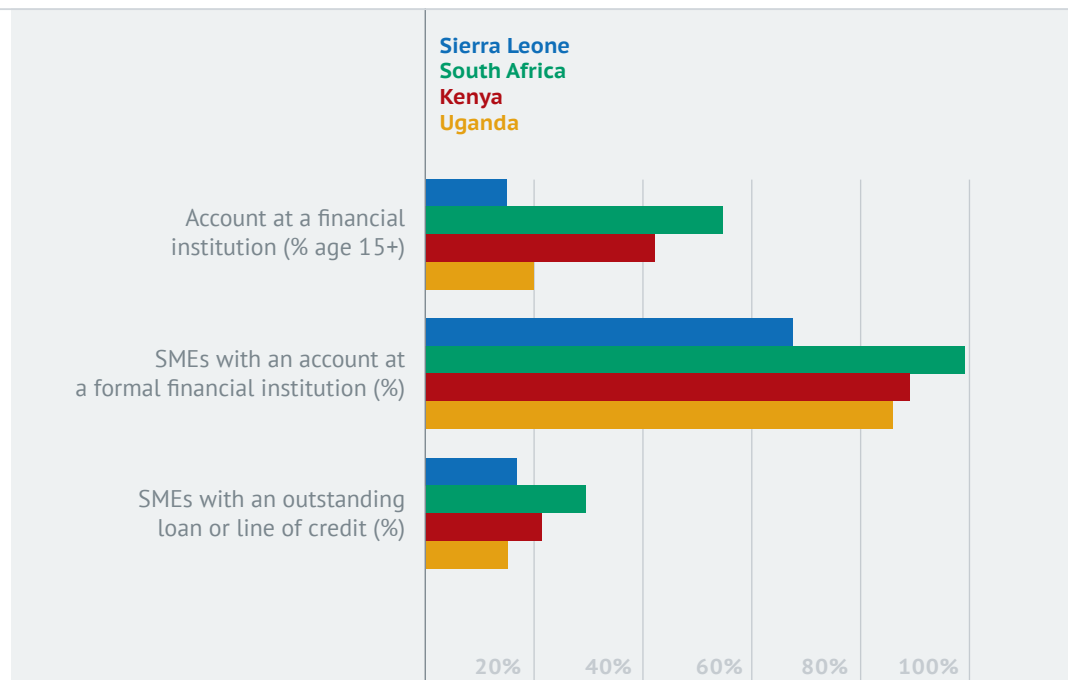
FIGURE 2
Financial Inclusion in Sierra Leone compared with non-fragile countries in West Africa



3.3. Comparative Analysis against East African countries

Sierra Leone lags behind the East and Southern African countries of Kenya and South Africa, however it is at par with Uganda on credit for SMEs. Access to credit for SMEs is a challenge across many markets in Africa and government interventions are increasingly aimed at easing this constraint.

FIGURE 3
Financial Inclusion in Sierra Leone compared with East African countries



3.4. Comparing Access Points

Comparing access points, Sierra Leone lags behind not just East African and non-fragile countries in the Region, but also lags behind fragile states – refer to DRC and Togo in Figure 4. However, access points have been growing with the introduction of digital financial services.

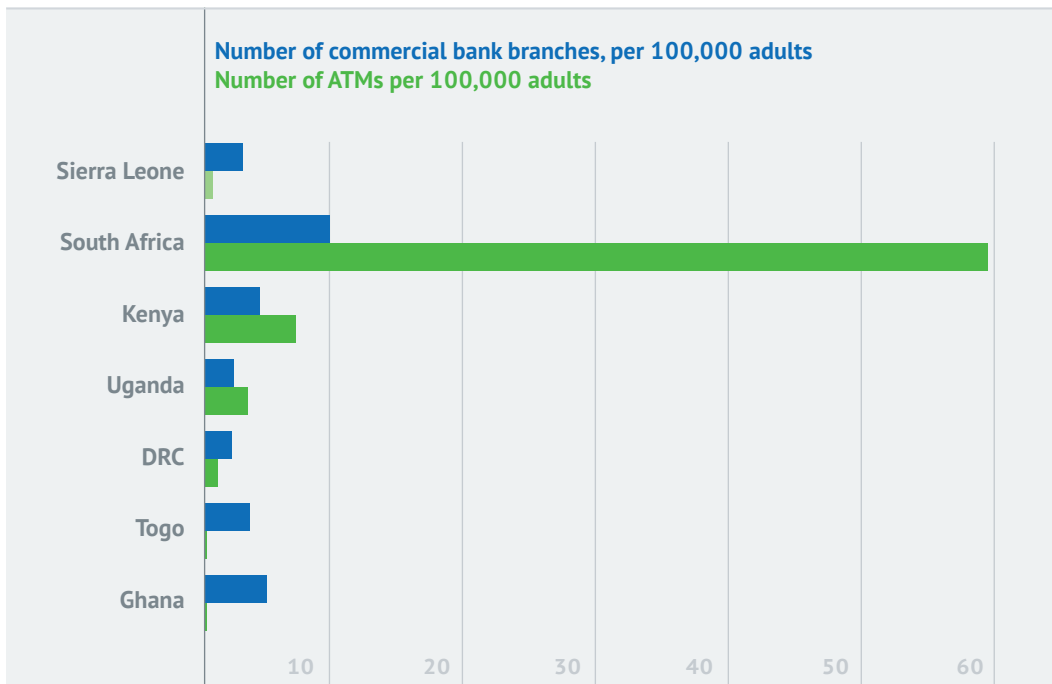


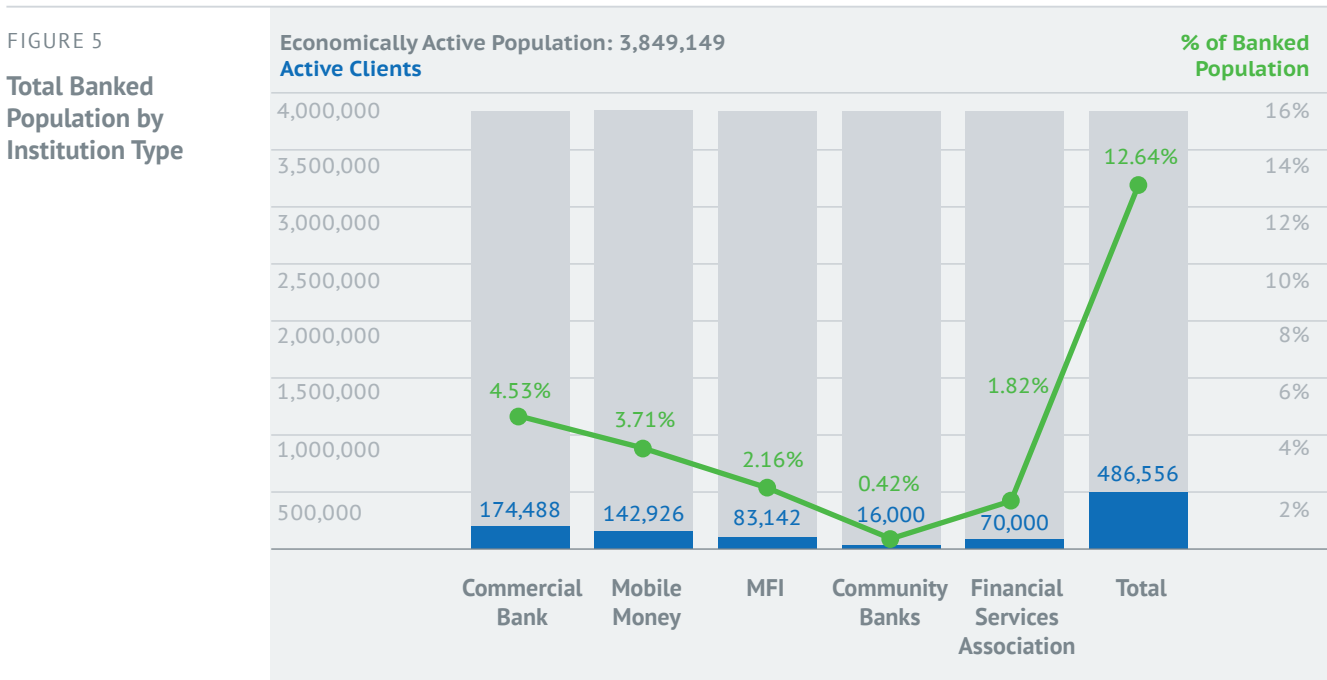
FIGURE 4

Access Points
in Sierra Leone
compared with
Developing
Countries

4 Financial Inclusion in Sierra Leone²

4.1. Access to Financial Services and Products

Sierra Leone has 14 commercial banks, 17 community banks that are supervised by the BSL-regulated Apex Bank, 13 (2 licensed and 11 registered) microfinance institutions (MFIs), three mobile money operators, and 59 financial services association (FSA) who together serve 486,556 clients across the country. This represents only 12.64% of the economically active population of 3.8 million people.³



ACCESS POINTS

Access Points, defined as points of sale where people can open accounts, deposit, borrow and/or cash-out, is concentrated in the Western Region, with 35% of total access.

Northern Region is the most underserved in terms of access points, with a ratio of 1 Access Point to 2,723 economically active population.

Digital financial services was introduced in 2010, however its large scale outreach was demonstrated during the Ebola Virus Disease (EVD) to pay 30,000 Ebola Response Workers (ERWs). Due to the ubiquity of mobile phones and nearly 90% network coverage, digital financial services will play a transformative role in expanding financial inclusion. Indeed Figure 6 and Figure 7 show that Access Points without the Agents represent only 9.4% of total access points present in the country, and that Agents make up 90% of the outreach outside urban and district capitals.

	ECONOMICALLY ACTIVE POPULATION: 15-64	NO. OF POINTS OF ACCESS	ACCESS POINT: POPULATION
Eastern	892,711	499	1: 1,789
Northern	1,361,526	500	1: 2,723
Southern	782,583	483	1: 1,620
Western	812,329	801	1: 1,014
Total	3,849,149	2283	1: 1,686

TABLE 1
Access Points

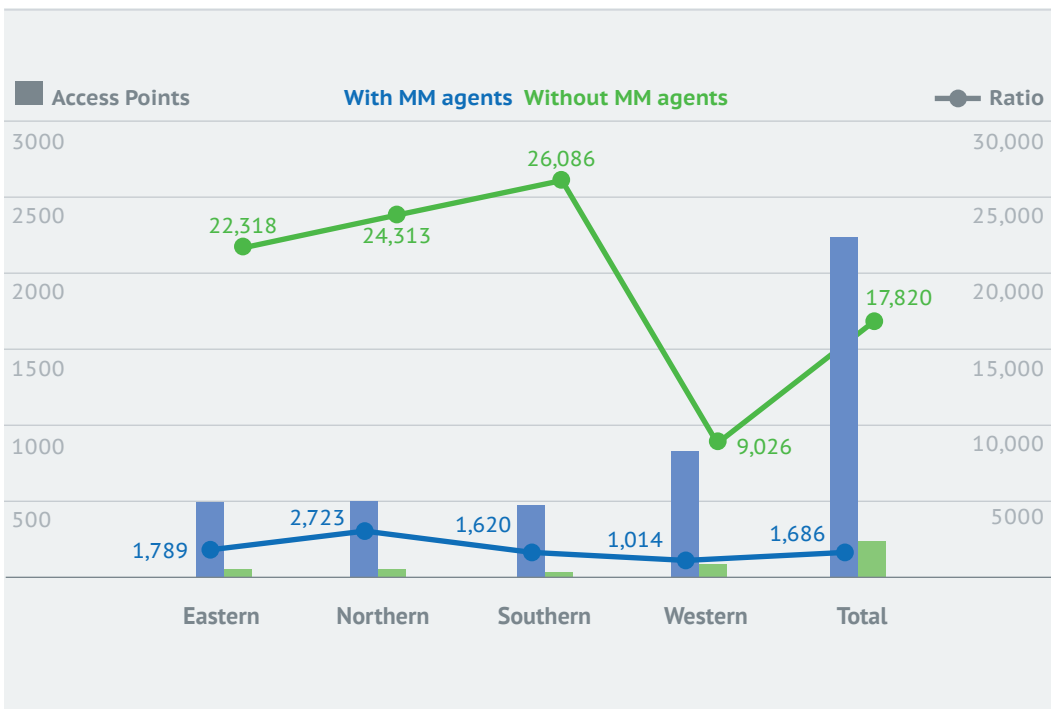


FIGURE 6
Access Points by Region

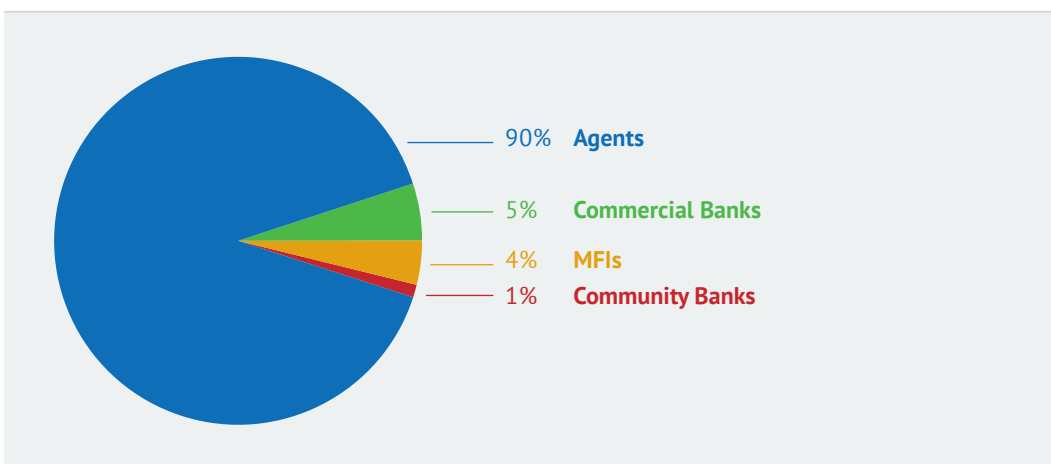


FIGURE 7
Access Points by Institution Type

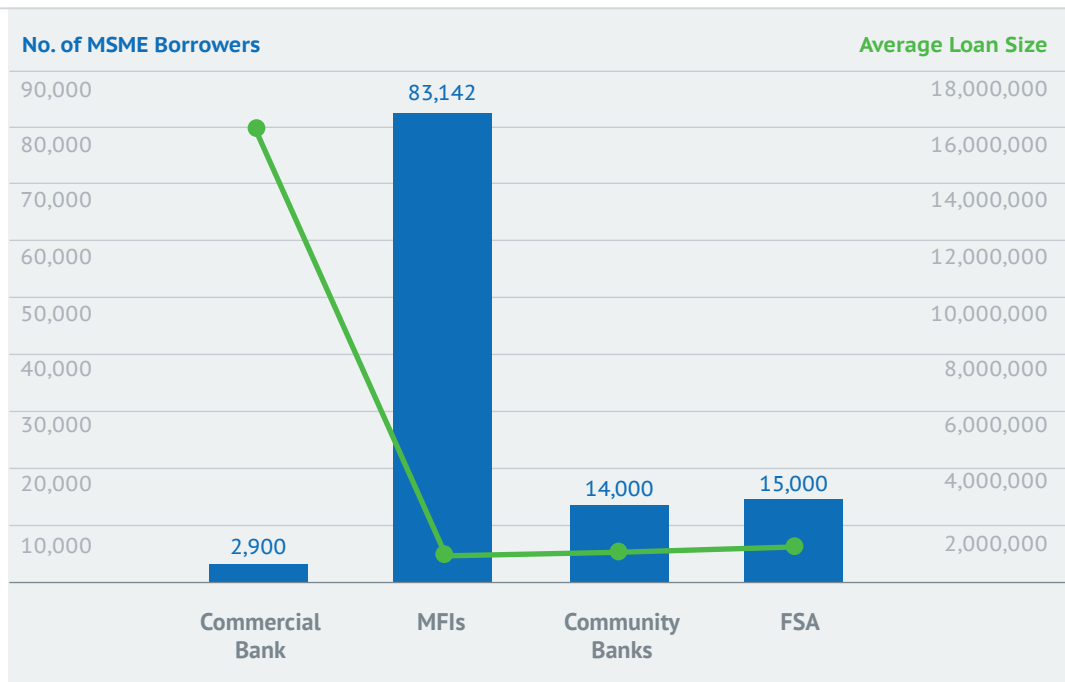
4.2. Lending to MSMEs⁴

Lending to MSMEs is low. MSMEs in Sierra Leone are classified by their number of employees and their capital investment at start-up, although comprehensive data are not available to confirm such classification: micro as 0-4 employees with minimal formal structure and engaged primarily in agriculture, trading and marine activities, small as 5-19 employees and medium with 20-49 employees.

Increasing access to finance for SMEs should be top-priority since 1000 (M)SMEs surveyed by the Ministry of Trade & Industry cite access to finance as their most significant barrier to growth, with 88% of agriculture-related (M)SMEs citing access to finance as “very serious” barrier to their growth.

According to the same survey, lending to MSMEs is challenging in the environment of fragility, with high incidence of non-performing loans. Microfinance institutions have greatest presence in SME lending (47% of SMEs with access to finance). 45% of agriculture SMEs get financing from banks (29% from microfinance). Banks have 24% non-performance rate for SME loans, discouraging further lending.

FIGURE 8
Loans to MSMEs



Lending to the agriculture sector is low despite the sector’s importance as the backbone of livelihoods; for example in the commercial banks’ portfolio, lending to agriculture is only 6% of total lending portfolio.⁵

4.3. Financial Literacy & Financial Education

Lack of financial knowledge, understanding and awareness is a significant barrier to accessing formal financial services. As the Ebola Payments Programme revealed, extending the reach of services does not guarantee usage without complementary efforts to address consumer education. During the Ebola crisis in Sierra Leone, Response Workers often cashed-out immediately upon receipt of digital payments and then continued to transact in cash. As a result, Response Workers were generally not using their electronic accounts either to save or access other financial services. This lack of understanding about the formal financial sector along with lack of suitable products to meet the needs of the unbanked and the underbanked, further limits their opportunities to engage with the formal financial sector.

When the Payments Programme, in partnership with the World Bank, introduced consumer education for Response Workers in February 2015, at least 20% of Response Workers started maintaining balances in their accounts. Therefore, financial education remains critical for financial inclusion.

4.4. Digital Financial Services

Digital Financial Services (DFS) is new to Sierra Leone, however it already makes up 90% of the access points and is the second largest provider of financial services. With better regulations, cooperation framework and investments, DFS can strengthen the financial sector in a fragile state such as Sierra Leone, provide liquidity to the financial system and propel the development of the financial services infrastructure necessary for resilient growth. However, DFS also introduces new risks which should be addressed on an ongoing basis, in partnership with the relevant regulators and industry bodies.

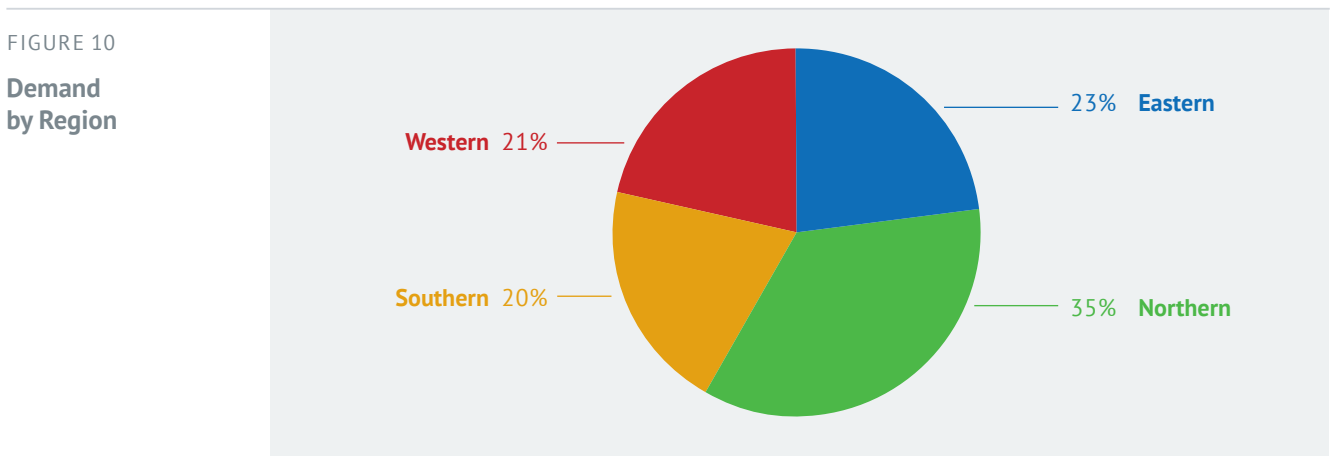
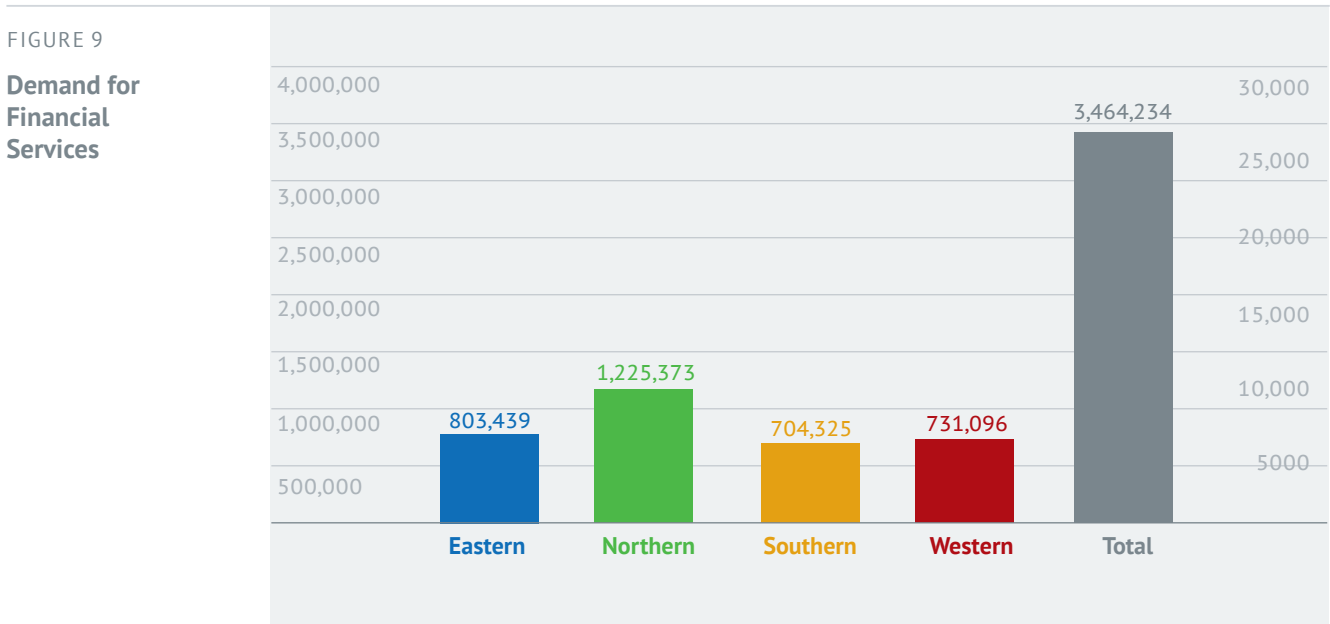
4.5. Savings

Among commercial bank accounts, savings form a larger proportion of banking services utilized: there are 523,463 savings account compared to 164,848 current accounts. According to empirical evidence from the Financial Literacy Campaign 2016 conducted by Bank of Sierra Leone in partnership with financial institutions, there is demand for savings products that meet the diverse needs of the various population segments.

4.6. Demand for Financial Services

A large proportion of the population transact exclusively in cash, have no safe way to save or invest money, and do not have access to credit beyond informal lenders and personal networks. Even those with financial accounts may have only limited product choice and face high fees.

If pro-poor and demand-driven products are to be made available in the market, it can be estimated that the demand for financial services will be 87% of total economic active population, namely 3.5 million people in Sierra Leone. Demand for financial services include savings, credit, and ease of transaction for remittances, person to person payments as well as appropriate financial accounts for receiving government social transfer payments. Figure 9 and Figure 10 showcase demand by region.



5 Fragile State Perspective

Sierra Leone is transitioning from post-conflict reconstruction to long term economic development. Despite its strong growth and relative peace and stability, considerable challenges unique to Fragile and Conflict Affected States (FCAS) remain, with a huge infrastructure deficit and considerable governance, institutional, and capacity constraints, and continuing risks of instability.

The devastation of the Ebola epidemic in 2014-2015 has also underscored the institutional weakness. Drivers of fragility are represented by the demographic challenge posed by an increasingly youthful population demanding greater inclusion, in particular through jobs and livelihood opportunities.

Fragility affects Sierra Leone's capacity to provide basic financial services through different channels including formal and informal suppliers of financial services. Very often, financial institutions struggle to offer affordable and appropriate financial products when macroeconomic indicators are unfavourable including high inflation rates, slow growth, and high unemployment rates.

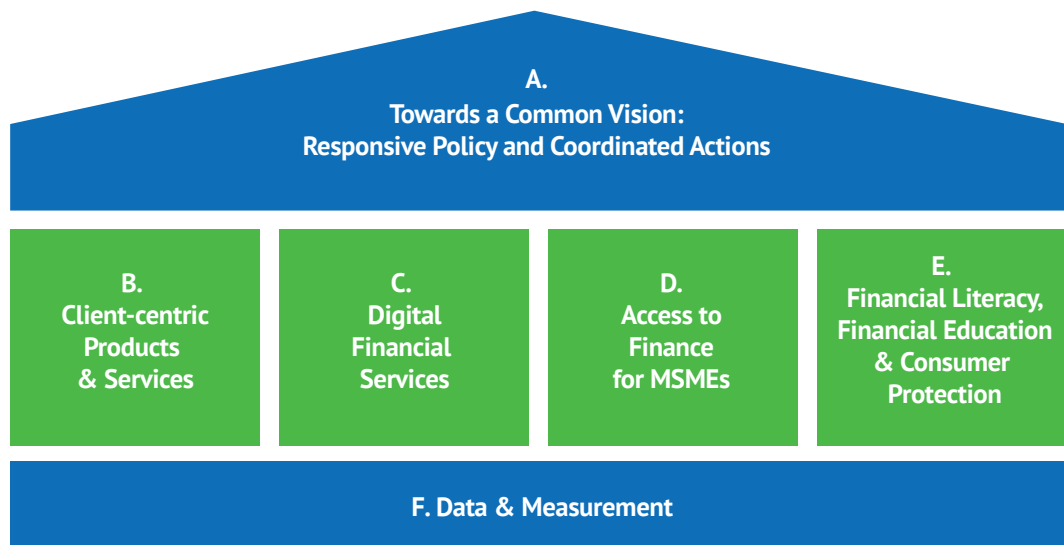
As fragility increases, suppliers of finance have become excessively risk averse and target their financial services towards a limited customer base. As a result, long term financial transactions are replaced by short-term credits, relation-based credits and cash transactions. The hardest-hit are the poor and MSMEs, which already struggle to access funding under normal economic conditions.

The deterioration of the legal and institutional infrastructure makes the provision of financial services more costly and risky, thus adding to the liquidity constraints. Account penetration in African fragile states lags behind other African countries. On average, only 14% of adults living in African fragile states have an account at a formal financial institution, compared to 23% for the entire continent. In Sierra Leone, it is only 12.6%. Poor infrastructure and related high costs are impediments to the expansion of access points. In addition, the lack of identification of an individual person or entity due to weak institutions constitutes a sizable barrier to account ownership in most fragile states in the Region.

The NFIS 2017-2020 recognizes these peculiar characteristics of the Sierra Leone market and attempts to play a market development role through mitigating risks and driving innovation, collaboratively with stakeholders towards a common vision for financial inclusion.

6 Strategic Interventions

Key Areas of Intervention in NFIS 2017–2020



Bank of Sierra Leone will continue to coordinate with Ministry of Finance & Economic Development and Ministry of Trade & Industry as well as development partners such as UNCDF, United Nations Development Programme (UNDP), Department of International Development (DfID), World Bank (WB), International Finance Corporation (IFC), Cordaid, European Union and the African Development Bank (AfDB) to ensure alignment to deliver towards the key outcomes of the NFIS 2017-2020.

The strategic intervention focuses on six key areas: responsive policy, regulations, and coordination; client-centric products and services; digital financial services; access to finance for MSMEs; financial literacy, financial education & consumer protection; and data & measurement.

A. STRATEGIC INTERVENTION 1: Response Policy, Regulations, and Coordinated Actions

Under this strategic intervention, stakeholders will create an enabling an environment for financial inclusion. This requires various regulators to work together to respond to market needs through open and regular dialogue with the industry. Key action items for stakeholders under this working group include:

- Enhance and formulate financial policies and regulations (as well as supervisory approaches) that allow space for innovation and creativeness toward the attainment of financial inclusion while factoring financial safety, soundness and integrity.
- Collaborate with development partners on diagnostic exercises and evaluate the assessment of financial inclusion and financial infrastructure, including reviewing the design process, prioritisation, and sequencing of policies and legal reforms and of key interventions.
- Adhere to consumer protection principles (e.g., transparency, fair treatment, and privacy of client information, effective redress, and prevention of over-indebtedness, appropriate financial education and awareness) in policymaking, regulation and supervision. The mandate for consumer protection should be clear in order to translate to sufficient authority and resources to carry out the same.
- Institutionalize coordination among concerned government bodies with cross industry/agency implications to ensure policy cohesion, avoiding duplication and overlaps with regard to financial inclusion and digital payments.
- Promote interoperability in technology-based solutions taking into account applicable standards and international good practices. This could be supported by an inclusive and efficient retail payment system that will catalyse the use of electronic payments (e.g., person to person/business/ government (P2P/B/G, G2P/B)).
- Ensure there is effective collaboration between Government and the private sector in regard to improving access and usage of financial services and products in particular to rural and remote areas. This includes specific considerations for incentives where appropriate.
- Implement tiered approach to KYC requirements across all financial service providers and ensure that they are revised to fit the changing market.
- Ensure that any external support (e.g., donor and technical assistance providers) provide assistance consistent with the Strategy.

Stakeholders for this intervention include but not limited to:

- MoFED
- Bank of Sierra Leone
- NATCOM
- Sierra Leone Insurance Commission
- APEX Bank
- Representation from Commercial Banks
- Representation from Microfinance Institutions
- Development Partners working in this area of the Strategy

B. STRATEGIC INTERVENTION 2: Client-centric Products and Services

Provide financial services and products that is relevant, available, affordable and accessible.

- Advocate and support the collaboration between the public and private sectors and development partners particularly with information sharing and research on services and products design and quality standards.
- Enhance the range of financial services and products by strengthening existing financial service providers as well as facilitating the entry of additional financial service providers, for the benefit of consumers.
- Provide support for the development of green financial services and products. This includes services and products designed for individuals, households and MSMEs that reduce negative environmental impacts or provide environmental benefits.
- Advocate and ensure that services and products are offered with appropriate consumer messages or instructions in languages that is understood by the consumer.

Stakeholders for this intervention include but not limited to:

- Bank of Sierra Leone
- Representation from Commercial Banks
- Representation from Microfinance Institutions
- Community Banks
- Financial Service Associations
- Development Partners working in this area of the Strategy

C. STRATEGIC INTERVENTION 3: Digital Financial Services

- Review and update the regulatory frameworks, with clear rules of engagement among various regulators, to support technology-based innovation and experiments without impacting the financial stability of the financial sector.
- Facilitate and ensure interoperability between all FSPs, mobile network operators and financial technology companies, to create greater efficiency and inclusiveness.
- Adopt or maintain proportionate and risk based regulatory and supervisory framework where necessary, to develop financial services market whilst maintaining sufficient consumer protection standards.
- Develop a robust payment ecosystem, supported by national policy and service standards, clearly stipulated and adhered to.
- Promote and support financial technology solutions in innovating new systems.
- Identify and digitise routine use cases that will lead to habitual usage, including digitising government programs, both G2P and P2G, to drive inclusion and adoption, and achieve Sierra Leone's commitments to the Better Than Cash Alliance.
- Maintain effective mechanisms to combat money laundering, terrorist financing, and cybercrimes.
- Equip and monitor staff, agents, and entities providing outsourced services to ensure that they offer safe and reliable services.
- Ensure reliable service provision with sufficient network and system capacity.
- Develop mechanisms to ensure that complaints are effectively addressed and problems are resolved in a timely manner.

Stakeholders for this intervention include but not limited to:

- MoFED
- Bank of Sierra Leone
- NATCOM
- Representation from Commercial Banks
- Representation from Microfinance Institutions
- Apex Bank
- SL FinTech Association
- Development Partners working in this area of the Strategy

D. STRATEGIC INTERVENTION 4: Access to Finance for MSMEs in Growth Sectors

Create new strategic partnerships and mechanism to support responsible lending to credit-worthy MSMEs.

- Integrate national financial inclusion strategy with national development plans on the development of the MSME sector.
- Create new and innovative partnerships to unlock the business development support and growth capital to unlock MSME financing, including working closely with the Office of the Diaspora in Sierra Leone.
- Review prudential guidelines on lending to MSMEs and design specific regulations that can target MSME lending.
- Work closely with the (M)SME Development Agency so that appropriate business development services are provided to enterprises to enhance their credit-worthiness.
- Work with financial institutions and (M)SMEs to ensure collateral registry adopted by lenders and prospective borrowers.
- Provide support to Credit Reference Bureau to increase number of individuals with relevant credit information in the system, improve turnaround time for credit reports, increase capabilities to provide value-add analyses, and include other financial institutions.
- Provide support for the development of green financial services and products to MSMEs that reduce negative environmental impacts or provide environmental benefits, including those in agriculture and tourism.

Stakeholders for this intervention include but not limited to:

- MoFED
- MoTI
- Bank of Sierra Leone
- APEX Bank
- Representation from Commercial Banks
- Representation from Microfinance Institutions
- Sierra Leone Chamber of Commerce
- Development Partners working in this area of the Strategy

E. STRATEGIC INTERVENTION 5: Financial Literacy, Financial Education and Consumer Protection

Create a well-informed and adequately protected public to achieve sustainable financial inclusion.

- Adopt a financial literacy framework for Sierra Leone that promotes partnership and collaboration among key stakeholders to initiate and sustain efforts, maximize resources, broaden the reach of financial literacy, education and consumer protection activities.
- Explore using a pragmatic approach, new methods, techniques and media to deliver materials that could achieve financial literacy, from awareness to skills to attitudes and behaviour.
- Fair and ethical industry standards and practices observed in implementing financial education and consumer protection initiatives.
- Strengthen and enhance the coordination and development of effective financial literacy programs for the formal and informal sectors through partnerships and collaboration amongst the private and public sector.
- Review and ensure there are effective market conduct measures in place and support appropriate consumer protection mechanisms.
- Develop innovative and sustainable training programs with consistent messaging, targeting schools, youth, women, rural population and MSMEs.
- A framework for monitoring and evaluation of financial education and consumer protection programs to determine their effectiveness and impact in improving the financial well-being of Sierra Leoneans.

Stakeholders for this intervention include but not limited to:

- Bank of Sierra Leone
- Relevant Government Departments such as Ministry of Education
- APEX Bank
- Representation from Commercial Banks
- Representation from Microfinance Institutions
- Petty Traders Associations
- Anti-Corruption Commission
- Media
- Development Partners working in this area of the Strategy

F. STRATEGIC INTERVENTION 6: Data and Measurement

Foster creation of a robust financial inclusion database that will encourage and support evidence-based policymaking, enable progress monitoring and facilitate evaluation of financial inclusion initiatives.

- Institutionalize measurement and reporting of financial inclusion indicators based on international indicators, contextualized to domestic setting. This could be made possible with data availability that is sustainable over space and time.
- Develop an acceptable roadmap for the generation of the above items within an acceptable timeline with the end-in-view of more granular data that reflect the diversity of the population and its needs.
- Ensure collection of disaggregated data (gender, age, ethnicity, disability) on the financial sector. Existence of disaggregated data is critical for identifying and quantifying barriers as well as developing appropriate policies and products to meet the needs of the underserved.
- Improve understanding on how emerging new sources of digital data can improve financial inclusion, in particular around improving credit histories through the Credit Reference Bureau and other key stakeholders, to facilitate greater lending to MSMEs.
- Annually review and make available to the public the updated financial inclusion maps.

Stakeholders for this intervention include but not limited to:

- Bank of Sierra Leone
- APEX Bank
- Commercial Banks
- Microfinance Institutions
- Media
- Development Partners working in this area of the Strategy

7 Implementation Mechanism

- All implementing agencies are encouraged to craft a medium-term work plan detailing specific actions - whether policy reforms or programs - that they will undertake, the target outcomes and the timeline for implementation. These can form their tactical plan/roadmap in alignment with the Strategy.
- All implementing agencies are encouraged to align, as much as practicable, their tactical plan/roadmap with that of other stakeholders. Complementarities and synergies among and across all initiatives shall be pursued to reinforce impact and avoid duplication.
- All implementing agencies are encouraged to share relevant information through participating in the relevant working groups. Such information shall support and enhance policymaking and program implementation to ensure that stakeholders' work and actions continue to be evidence-based and cohesive.
- All implementing agencies are encouraged to put in place mechanisms to measure progress and impact of financial inclusion initiatives, and work closely with BSL to report quarterly results towards the achievement of the NSFI 2017-2020.
- Moving forward, all implementing agencies will develop a mechanism to institutionalize the monitoring and evaluation of the progress made as envisioned in the Strategy.

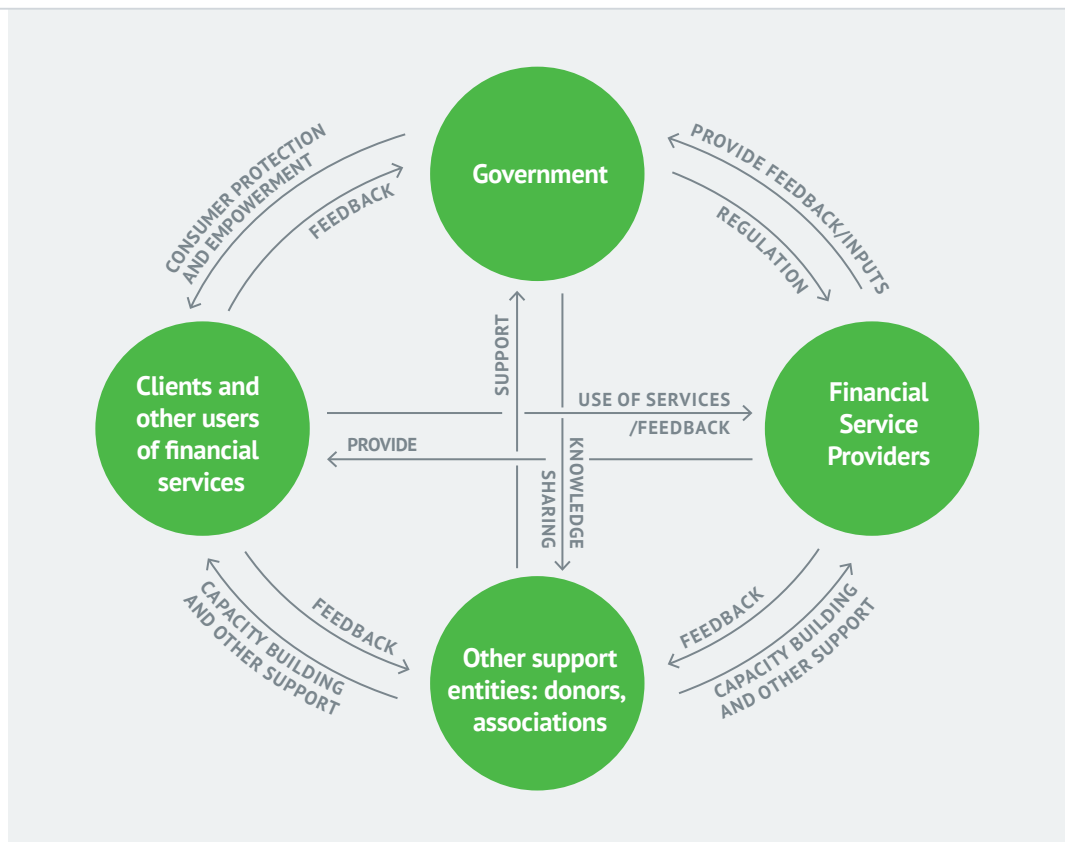
The implementation of the National Strategy for Financial Inclusion is envisioned as a process of coordination wherein inputs from the key stakeholders/market players will feed into the work of the other players.

The Financial Sector Development Unit at the Bank of Sierra Leone will take the lead in monitoring the implementation of the NSFI 2017-2020, and will provide the necessary secretarial support.

8 Framework for Stakeholder Coordination

The implementation of the National Strategy for Financial Inclusion is envisioned as a process of coordination wherein inputs from the key stakeholders/market players will feed into the work of the other players, and coordinated through working groups.

FIGURE 11
Coordination Framework



At the highest level, the NSFI 2017 – 2020 will be governed by the FSDP Steering Committee’s Sub Committee on Access to Finance, with possible inclusion of other strategic members as determined by the Steering Committee. BSL will establish a Financial Sector Development Unit under the Deputy Governor’s Office that will serve as the secretariat for the NSFI and will take lead in coordinating and monitoring implementation of the Strategy through the six working groups, namely (a) Responsive Regulations and Policy Frameworks; (b) Digital Financial Services; (c) Financial Education & Literacy; (d) MSME Finance; (e) Pro-poor Products & Services; and (f) Data & Measurement. Membership in each Working Group will include representatives of key stakeholder groups, determined in consultation with stakeholders on an ongoing basis, with Chairperson and Vice Chairperson for each Working Group selected by majority vote in each group.



FIGURE 12
NSFI 2017–2020
Coordination,
Monitoring and
Reporting Structure

The achievement of the NSFI 2017 – 2020 will be supported by a robust implementation plan, developed through the Working Groups and presented to the Steering Committee’s Sub Committee on Access for endorsement on an annual basis.

The Working Groups will be composed of financial inclusion sector, with active participation from diverse sections of the sector including Government Departments. The Chairperson and members of each Working Group will be guided by the NSFI 2017 – 2020 in designing their priorities and activities and will report regularly through the Financial Sector Development Unit. Each Working Group will meet regularly, with at least two meetings each quarter. Implementing organizations will report through the Working Groups with the Financial Sector Development Unit, working closely with the Data & Measurement Working Group, responsible for creating quarterly reports on the progress, as measured through the G20 indicators in the Monitoring & Evaluation Framework (Section 9).

9 Monitoring & Evaluation Framework

Members in all the Working Groups under the NSFI 2017-2020 will contribute to the development of implementation plans for strategic areas relating to their respective core objectives in the sector. The Financial Sector Development Unit will closely monitor key initiatives undertaken by each of the Working Groups on a quarterly basis. The Unit at the Bank of Sierra Leone will track the overall performance and report to the Steering Committee and the financial inclusion sector on an annual basis to ensure that efforts are in line with the agreed targets in this Strategy.

Progress will be measured through progress reports against priority items as listed under the six interventions as well as through the AFI Core Set of Indicators, Quality Indicators, including Digital Financial Services Indicators as shown below.

FINANCIAL INCLUSION DIMENSION	CORE PERFORMANCE INDICATORS	BASELINE DATA	ANNUAL TARGETS	MEASUREMENT FREQUENCY	DATA SOURCE
Access to formal financial products and services	Number of cash-in cash-out financial access points per 10,000 adults	5.5	2017: 7 2018: 10 2019: 13 2020: 15	Annual	Supply-side data from FSPs
	Percentage of new account(s) at a formal financial institution	Commercial Banks: 523,463 MFIs: 83,142 MM: 142,926 Community Banks: 16,000 FSA: 70,000	5% growth per annum	Quarterly	Supply-side data from FSPs
	Percentage of new account(s) at a formal financial institution - Women	N/A	5% growth per annum	Quarterly	Supply-side data from FSPs
	Percentage of new account(s) at a formal financial institution – Youth (aged 15 – 35)	N/A	5% growth per annum	Quarterly	Supply-side data from FSPs
Usage of products and services	Percentage of adults that have an active mobile money account (used in the last 90 days)	3.5%	2% growth per annum	Quarterly	MNO Returns
	Percentage of adults using digital payments other than mobile money	0%	2% growth per annum	Quarterly	Supply side data from FSPs
	Percentage of adults using formal savings products	4.2%	2% growth per annum	Quarterly	Supply side data from FSPs
	Percentage of adults using formal credit products	2.8%	2% growth per annum	Quarterly	Supply side data from FSPs
Quality	Cost of entry level to the banking system	Savings Account: SLL 100,000	Savings Account: no cost for opening savings account with minimum balance	Annual	Mystery shopper/ Bank Information
	Average number of identification documents required to open a basic bank account	3. 1st: National ID; Passport; Driving License; or Voter ID 2nd: References for current accounts 3rd: Utilities Bill for proof of address	2, with expansion of acceptable identification documents such as Pastor/Imam Letter to support rural and poor communities without access to national identifications	Annual	Mystery shopper/ Bank Information
	Percentage of adults within 5km of an access point	Under collection		Annual	Financial Access Points Map

ANNEX 1 Key Stakeholders & Consultations

GOVERNMENT INSTITUTIONS

1. Ministry of Finance & Economic Development
2. Ministry of Trade & Industry
3. State House – President’s Recovery Team
4. Ministry of Education
5. Ministry of Agriculture, Forestry and Food Security
6. Ministry of Political & Public Affairs
7. National Telecommunications Commission
8. Sierra Leone Insurance Commission
9. Office of the Diaspora, President’s Office

ASSOCIATIONS OF FINANCIAL SERVICE PROVIDERS AND PRIVATE SECTOR

1. Sierra Leone Association of Commercial Banks
2. Apex Bank
3. Sierra Leone Association of Microfinance Institutions
4. Sierra Leone Chamber of Commerce
5. Sierra Leone FinTech Association

PARTNERS AND OTHER STAKEHOLDERS

- Development Partners
- Financial Institutions and Mobile Network Operators
- NGOs related to financial inclusion
- Media organizations
- Consumer Protection Agencies/Small Traders’ Representatives
- Other relevant partners to financial inclusion

PUBLICATIONS

1. Sierra Leone Financial Sector Development Plan 2009
2. UNCDF & UNDP; Digital Financial Services Diagnostic Sierra Leone, 2016
3. Better Than Cash Alliance; Saving Money, Saving Lives: A Case Study on the Benefits of Digitizing Payments to Ebola Response Workers in Sierra Leone, 2016
4. Cordaid & PHB Development; Sierra Leone Mobile Money Transfer Market Study, March 2013
5. Sierra Leone Ministry of Trade & Industry; National MSME Strategy, 2013
6. IFC, Africa Foundation for Development, The Cherie Blair Foundation; National Study on Women’s Access to Finance, 2014



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