

**Statement by the Governor, Bank of Sierra Leone, Dr Patrick S Conteh at the
Announcement of the winners of the Sierra Leone FinTech Challenge 2017 & presentation
of the BSL Sandbox Framework.**

November 16th, 2017

Bank Complex

Head of the United Nations in Sierra Leone

Representatives from UK Aid, USAID and other development partners

The Sierra Leone FinTech Association

Youth Groups

Our collaborating partners, FSD Africa and UNCDF Mobile Money for the Poor.

Ladies and Gentlemen,

It gives me great pleasure to say a few words on the occasion of announcement of the winners of the first Sierra Leone Fintech Challenge 2017 and on the regulatory sandbox framework. The Fintech Challenge is an initiative pioneered by the Bank of Sierra Leone, in partnership with FSD Africa with support from UK Aid and UNCDF Mobile Money for the Poor, with support from USAID. The idea of this challenge was borne out of the need to utilise technology in providing financial services especially in areas not covered by brick and mortar financial structures.

Ladies and Gentlemen, one success story was the use of mobile money to pay health workers working in the Ebola hit areas a few years back. This story has challenged us to realise that a combination of financial services and technology is a critical tool for financial inclusion and poverty reduction.

Ladies and Gentlemen,

The Challenge is designed to encourage and catalyse the development of FinTech solutions that are useful and highly relevant to the people and businesses of Sierra Leone. These innovations have the potential to introduce game-changing ingredients for expanding quality of access and usage of financial services in Sierra Leone, where over 87% of the population remains unbanked, especially those living in rural areas such as women, young people, smallholder farmers and marginalized population groups. Our aim as organisers is to foster collaboration between

regulators, non-traditional market players, licensed financial institutions and other partners to pilot innovative products, services or solutions.

Distinguished Ladies and gentlemen, over the past decade, mobile phone penetration and mobile banking have revolutionized the financial services sector in Sub-Saharan Africa, especially in East Africa, which is often cited as a success case. Financial products and services have rapidly grown in reach and sophistication, providing a platform that entrepreneurs can leverage on to enable access to a broader range of financial services for traditionally underserved and excluded communities. Sierra Leone has jumped on the train and is now part of this positive trend. That said, growing financial access does not necessarily mean improving financial health. According to the National Strategy for Financial Inclusion 2017- 2020, there is a lack of savings, credit, and investment solutions that work for women, youth, farmers, small businesses, and other underserved communities. Therefore, financial inclusion does not only mean accessing your funds when you need them, but it requires that people develop a savings culture and not a consumption culture.

Distinguished Ladies and Gentlemen,

Through the FinTech Challenge 2017, the Bank and our partners are looking to support entrepreneurs who are innovative in financial technology to improve financial health and enhance livelihoods of the low-income population. We believe that FinTech can redistribute financial services. Consumers will get more choices and at competitive pricing. MSMEs will get access to new sources of credits. Banks will become more productive, with lower transaction costs, greater capital efficiency and stronger operational resilience. Financial services will be more inclusive; with people better connected, more informed and increasingly empowered. And best of all, FinTechs could help make the system itself more resilient with greater diversity and depth. These possibilities are part of the reasons why the Bank of Sierra Leone and its partners are taking a number of steps to encourage FinTech development within the financial sector.

Ladies and Gentlemen,

Current developments in the digitization of finance, including the establishment of new business models, are important and deserving of serious engagement. As policymakers, we are facilitating innovation where it has the potential to yield broad social benefit, while ensuring that risks are thoroughly managed. I am personally committed to ensuring that we find the right

balance in our approach and do not overregulate a budding industry that needs space to grow. We need to be also aware of the new sources of risks which may arise with innovations. But for now, our focus should be on removing barriers to market entry and keeping our legislation proportionate.

Ladies and Gentlemen, in our first edition of the FinTech Challenge, we received 20 applications, including from Kenya and Ghana. What was very reassuring was that 85% of the applicants were from Sierra Leonean entrepreneurs, which helps us support our Government's requirement in the local content policy. These 20 applicants were judged by a panel of experts: Tamara Cook, Head of Digital Finance at FSDA in Nairobi, Kenya, Ahmed Dermish, Global Ecosystem Specialist at UNCDF Brussels and the Chairman of the Bank's Sandbox Committee, in the Banking Supervision Department, Mr Samuel Jabbie.

Today as we announce the three winners from among the 20 applicants of the Sierra Leone FinTech Challenge, we are keenly aware of their potential to contribute innovatively to the digital financial services ecosystem. The winners will enter the Bank of Sierra Leone's sandbox system where their innovative ideas will be perfected before their role out to the public.

Ladies & Gentlemen,

As well as supporting the best and brightest ideas and partnerships with finance through our partners, we hope the competition mechanism will start a conversation in the country and builds the confidence of change-makers within Sierra Leone's financial sector. With the support of the Bank of Sierra Leone's Sandbox system, the innovators of today and in the future will benefit from a greater level of assurance and support from their regulator. We hope that the successes and lessons from this initiative can serve as an example and be replicated in other fragile states where access to savings and credit is a binding constrain to growth.

In conclusion, we hope that we can succeed in bringing financial inclusion to the excluded 87% of our population through the FinTech Challenge.

I thank you all.