

Sierra Leone FinTech Challenge
Announcement of the Fintech Challenge Winner(s)
& the 1st Cohort of Sandbox Participants
Tuesday, May 15, 2018
Bank Complex, Kingtom

Key Note Address by
Dr. Patrick Saidu Conteh
Governor, Bank of Sierra Leone

Distinguished Guests, Ladies and Gentlemen,

1.0 Introduction

It is my pleasure to welcome our guests and partners here today to this historic day where we will be announcing the winner of the Sierra Leone FinTech Challenge and the 1st cohort of the Bank of Sierra Leone Sandbox Framework.

Ladies and Gentlemen, allow me to congratulate all FinTechs and young entrepreneurs who had the courage, determination and grit to participate in this initiative that started one year ago. I am also happy to welcome the entrants into the Sandbox framework.

For me, everyone is a winner because we would not have been here today without your active participation and commitment to financial inclusion.

2.0 Background

Ladies and Gentlemen, this challenge is jointly organized by the Bank of Sierra Leone, FSD Africa, funded by U.K.Aid and UNCDF

MM4P, with support from USAID. It started in 2017- hence the name *Sierra Leone fintech Challenge, 2017*. The first round of three winners was announced in November last year, in this same venue, with each winner bagging Le100 million as seed capital , meant to help test designs, buy in expert support and clarify the business case. Today, we are here to announce the winners for the second round of the challenge with an award of Le760 million for each winner.

The BSL Regulatory Sandbox framework is an incubating regulating environment for nurturing innovative Fintech products from both incumbents and startups. The sandbox is intended to enable innovative FinTech products, services, and solutions to be deployed and tested in a live environment prior to full licensing, within specified parameters and timeframes. Equally important, the Sandbox framework is intended to facilitate BSL's understanding of emerging technologies and support evidence-based approaches to regulation that advance the goals of financial inclusion, financial stability and consumer protection.

Ladies and Gentlemen, with the development in the fintech space, there has been an increasing focus on regulatory technology - Regtech. Fintech and Regtech are, in my view, complementary. They are often adopted in conjunction, and are rapidly developing in tandem. As Fintech firms automate the delivery of financial services, they need client on -boarding, authentication and fraud control technologies that are more automated, yet equally or more

secured. More advanced cyber security technologies are needed as more investors share their personal data with Fintech platforms, creating cyber and data privacy risks.

3.0 State of Financial Inclusion

Ladies and Gentlemen, While I am pleased to report that the level of financial inclusion rate has improved to 20% as per recent published World Bank FINDEX in 2017, following the launch of the National Strategy for Financial Inclusion (2017-2020), we are also aware from our recent geospatial study commissioned by the World Bank and the Annual Digital Financial Services Providers' Survey of the UNCDF, that Sierra Leoneans face very serious challenges in accessing financial services that can address their latent needs and help them save and plan for the future. Indeed, the geospatial study revealed that there is no financial access point in at least 80 of our chiefdoms

Distinguished Guests, financial technology offers the single greatest opportunity for extending financial services to rural populations and the unbanked sectors. We are seeing increasing adoption of financial technology by our incumbents – for example, six commercial banks out of 14 now offer some DFS products and services.

4.0 High Hopes from FinTechs

The potential of fintech is well described in one of the earliest reports on fintech commissioned by the UK Treasury. This report is useful in that it outlines how countries can positively position themselves in relation to fintech. A key finding of this report is that a country could establish a

well-functioning fintech ecosystem and competitively position itself provided that a holistic view is taken that focuses on the following four core ecosystem attributes: policy, talent, capital and demand.

Through the Sierra Leone FinTech Initiative, in partnership with UNCDF's Mobile Money for the Poor and FSD Africa, with financial support from USAID and UK AID, we focused on all four:

Policy: From the start, we have been committed to using the Sandbox as a learning tool to inform an innovative approach to financial inclusion. We have devoted significant and dedicated internal resources to ensure that the sandbox is managed well, participants appropriately supervised, and emergent risks anticipated and managed.

Talent & Capital: Through the Challenge Investments, we partnered with UNCDF and FSDA to launch a global request for applications from fintechs. We received a total of 20 applications, including from Kenya and Ghana. We matched high potential ideas with grants to support research and development.

Demand: We encouraged the Challenge finalists to work in partnership with the unbanked communities, whether its smallholder farmers or market women, to understand their needs and aspirations and design solutions that fit their latent demand.

Ladies and Gentlemen, if you will remember, at the height of the Ebola crisis in 2014-2015, we resorted to mobile wallets to make fast, accurate, and secured payments to over 30,000 Response Workers. In doing so, digitization of payments strengthened Sierra Leone's capacity to contain the disease, treated those infected and ultimately saved lives. This was

recognized in a recent article by the global magazine Economist. I am happy to note that one of the FinTechs that applied to the Bank of Sierra Leone Sandbox Program developed that payments platform.

Leveraging advances in technology, the Bank of Sierra Leone has taken an active and enabling role in facilitating the development of right business models for digital infrastructure at the community-level to shift from informal cash-based transactions to digital financial services.

We are engaging with innovative FinTech countries, with plans to reach out to Singapore, India, and Malaysia. Addressing the high exclusion rate will require partnerships with international FinTechs. We are actively promoting this while also adequately protecting our local companies so that the partnership is productive and mutually beneficial.

6.0 Opportunities and Challenges- readiness by the Bank of Sierra Leone

I am convinced that financial innovation can offer various benefits to a wide spectrum of users. Equally important, I am convinced that innovation can boost growth. However, for financial innovation to unleash its potential benefits, adequate controls need to be in place. We are fully aware that while innovation in finance has contributed to economic growth, some financial innovations have been identified as a factor that gave rise to financial instability, notably during the 2007/2008 financial crisis. We also have seen innovations threatening to undermine investor protection. We, at the Bank of Sierra Leone believe in a balanced approach, one which protects consumers and the financial system while supporting the benefits financial innovation brings. Understanding

financial innovations- the drivers and intricacies, how they may develop through time and their potential consequences is at the heart of our work.

More advanced cyber security technologies are needed as more investors share their personal data with Fintech platforms, creating cyber and data privacy risks.

While it is clear that Fintech often constitutes regulated activities, Regtech may assist the regulated in ensuring compliance with our regulatory standards .Therefore both are of interest to us.

Ladies and Gentlemen, as we announce today the winner(s) of the fintech challenge, I would like to state that this challenge initiative is going to continue in the subsequent years. For the fintech companies that are not successful at this 2017 event, we advise that you continue to perfect your proposals and be ready to compete in the subsequent challenge events.

Closing

Ladies and Gentlemen, in closing my address, let me congratulate the dedicated team at Bank of Sierra Leone, the Digital Financial Services Working Group, the FinTech Association, our partners UNCDF and FSD Africa for their work to make today possible.

I THANK YOU FOR YOUR ATTENTION

