

NEWS RELEASE

THE GOVERNOR OF THE BANK OF SIERRA LEONE DELIVERS A PUBLIC LECTURE AT UNIMAK

FREETOWN, SL:

Acting in line with his commitment to embrace inclusive communication, the Governor of the Bank of Sierra Leone, Dr Kaifala Marah, on Friday, 12 August, 2016 delivered a public lecture to students of the Business Administration and Management Department of the University of Makeni. The lecture is a part of the “Governor’s Conversation Initiative” dedicated to updating key financial institutions and the public from time to time on key macroeconomic and financial sector developments.

Dilating on the lecture topic *“The Banking Sector Is Getting Bigger but Are We Getting Better in Access to Finance and Alleviation of Poverty”*, Governor Marah provided a background to the financial sector in Sierra Leone and shared the current status of the banking sector including the attendant challenges in a jam parked auditorium.

He also threw light on what is being done by the Government in general and the Bank of Sierra Leone in particular to address the challenges. Concluding, he explored how these have impacted on poverty alleviation. Setting the stage for his lecture he said

“we are confronted with two major issues here tonight; first, to confirm whether the financial sector is getting bigger in Sierra Leone; and second, if so, whether there is a corresponding increase in access to finance and reduced levels of poverty ”

He reminded his audience that because government was concerned with the limited contribution of the financial sector to economic development, it requested for a joint IMF/World Bank review of the Sierra Leone financial sector under the Financial Sector Assessment Program (FSAP), which identified certain weaknesses in the economy, including, low financial intermediation and poor credit culture.

To address the challenges, he said *“the Government and various stakeholders developed the financial sector development plan.”* He noted that since the implementation of this plan commenced in 2011, the Bank, in collaboration with other stakeholders, has delivered a number of strategies, rendering the financial sector more inclusive.

Notwithstanding the efforts highlighted, Governor Marah also noted that with the advent of new privately owned banks in 2003, comprising mostly of subsidiaries of African owned banks from Nigeria; the financial sector has expanded from 4 banks to 13 today. In addition

he said, the sector can boast of an expanding non-bank financial sector including 8 insurance companies, 2 discount houses, a state pension institution(NASSIT), 45 foreign exchange bureaus, 17 community banks, 14 microfinance institutions and 59 Financial Services Association.

The benefits of this expansion include an increase in the number of commercial bank branch network from 86 in 2011 to 103 currently and another increase in the customer base from over 184,000 to over 700,000. He maintained that the banking system is solid as it has evidently withstood the impact of the twin shocks caused by lower commodity prices as in iron ore and the Ebola Virus Disease.

Despite the highlighted progress, Governor Marah, conceded that challenges still remain, such as, limited access to banking services, high interest rates and lending bias-low agriculture lending. He however assured his audience that they can be surmounted. To this end, he said, the Bank is collaborating with the Ministry of Finance and Economic Development in considering measures to lower interest rates and deepen access to financial services.

In drawing a link between access to finance and poverty reduction, Governor Marah, conveyed that Sierra Leone has reduced the incidence of poverty from 66 percent in 2003 to 52.9 percent in 2013. This he said is a remarkable achievement when compared to our Mano River union neighbors of Guinea 55.2 percent and Liberia 61.5 percent. He noted that:

“Most studies undertaken have pointed to some evidence that suggest financial sector development is linked with pro-poor approach to development”

Therefore, he said, the Bank has rolled out a number of initiatives to strengthen outreach and improve financial transactions, including the opening of community banks, issuing license to three mobile money outfits, i.e. Airtel Money, Africell and Splash. The Bank, he noted, is also collaborating with the Ministry of Finance and Economic Development to revamp the Stock Exchange and resuscitate the Sierra Leone Development Bank.

Furthermore, he apprised his audience that the Bank has also established the Credit Reference Bureau to help mitigate credit default in the banking system and will continue to promote access to finance through a financial inclusion programme aimed at expanding opportunities for people to trade and access finance in a deepened financial market that can strongly attract savings. He stressed that financial literacy and customer education will be a major part of the Bank’s financial inclusion drive.