



# Financial Inclusion NEWSLETTER

ISSUE NO.6 • JUL/24 – DEC/24



## WHAT'S IN THIS EDITION?

- **Mid-term review of the National Strategy for Financial Inclusion (2022-2026):** refresh yourself with the Strategy, its objectives and get updated on the various projects and activities so far.
- **Implementation efforts of the Strategy continue** – view key achievements and updates on the process of the implementation of the Strategy.
- **Advancing financial inclusion to rural communities** – BSL signs an MOU with the National Cooperative Credit Union Association (NaCCUA) in collaboration with the Department of Cooperatives (DoC).
- **Building Internal and External Capacity**– a series of workshops and trainings to strengthen the BSL and its partners' capacity to supervise and promote inclusive finance.
- **Financial Inclusion Expert's Corner: Insights & Resources** – get familiar with the National Payment Switch.



## NATIONAL STRATEGY FOR FINANCIAL INCLUSION

**A MIDTERM REVIEW AND REFRESHER OF THE NATIONAL STRATEGY FOR FINANCIAL INCLUSION (2022-2026)**

Plans are underway for the mid-term review of the implementation of the National Strategy for Financial Inclusion (2022–2026) to reflect on progress made and the way forward.

**An Overview of the Strategy:**

The National Strategy for Financial Inclusion (2022-2026) (NSFI-2) is a 5-year blueprint designed to improve financial inclusion across Sierra Leone, focusing on underserved and low-income segments of the economy, including women, youth, rural communities, Micro, Small, and Medium Enterprises (MSMEs) through the following intervention areas:

- increasing client- centric product and service offerings,
- enhancing digital finance, and;
- bolstering financial education and literacy, and consumer protection initiatives.

## ACCESS TO CLIENT-CENTRIC FINANCIAL PRODUCTS &amp; SERVICES



- 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.
- Activities focus on ensuring efficient documentation and regulatory processes to access financial products and services and introducing more affordable and innovative products and services.

## DIGITAL FINANCIAL SERVICES (DFS)



- Promote and leverage innovative technology driven solutions to exponentially expand access to, and usage of, affordable, safe and appropriate digital financial products and services.
- Focus on building an ecosystem that drives interoperability among industry players and encourages e-payment transactions among customers.



## FINANCIAL EDUCATION, FINANCIAL LITERACY &amp; CONSUMER PROTECTION

- Ensure all Sierra Leoneans have access to appropriate and consistent financial education opportunities, which improve their ability to understand and manage their finances, and allow them to confidently access and utilize available financial products and services, while ensuring their safety and protection.
- Emphasizing financial education in schools and that it is made accessible and easy to understand by all individuals especially in rural communities.



## NATIONAL STRATEGY FOR FINANCIAL INCLUSION

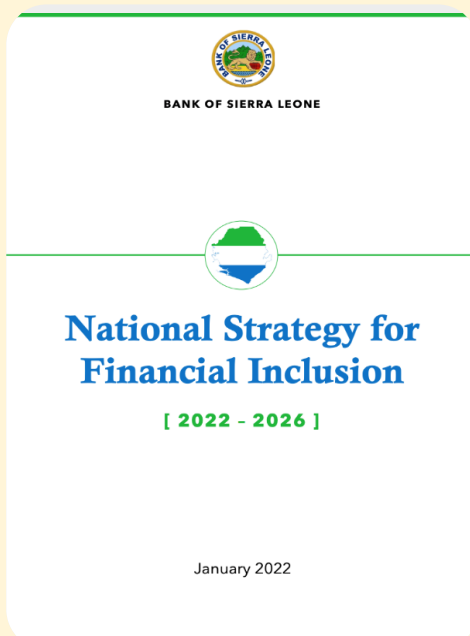


## ACHIEVEMENTS SO FAR AND UPDATES ON THE STRATEGY:



## ACCESS TO CLIENT-CENTRIC FINANCIAL PRODUCTS &amp; SERVICES

- ✓ Implementation and popularisation of the tiered Know-Your-Customer (KYC) Guidelines through workshops for the financial sector and its cliental.
- ✓ A BSL partnership with Invest Salone, a UK government-funded private sector initiative, to boost its capacity for effective monitoring and supervision of sustainable finance.
- ✓ An updated geospatial mapping of all the financial access points in Sierra Leone to better track access to financial services throughout the country, and identify underserved areas.
- ✓ Implementation of the 2<sup>nd</sup> Sierra Leone Financial Inclusion Project funded by the World Bank to promote access to finance for individuals and MSMEs, by increasing usage and access to transaction accounts for individuals and MSMEs credit.
- ✓ Implementation of the Youth Entrepreneurship Fund (YEF) to increase youth employment and empowerment through funding promising youth-owned/managed/focused enterprises and entrepreneurs.
- ✓ Implementation of an Agricultural Credit Facility to support the development of the agricultural sector.



*The National Strategy for Financial Inclusion  
2022 - 2026*



*BSL Sustainable Finance Working Group during a training organised  
by Invest Salone*





## NATIONAL STRATEGY FOR FINANCIAL INCLUSION

ACHIEVEMENTS SO FAR AND UPDATES ON THE STRATEGY  
(Cont'd.)

## DIGITAL FINANCIAL SERVICES (DFS)



- ✓ Deployment and operationalization of a National Payments Switch to ensure interconnectivity and interoperability of retail infrastructures to enhance efficiency in the financial system, and expanding access to finance across the country.
- ✓ Digitalization of Government Payments (DigiGov) funded by the African Development Bank (AfDB) and aims to promote financial inclusion, particularly among vulnerable population segments, by promoting Government-to-People (G2P) and People-to-Government (P2G) payments.
- ✓ Continued efforts to promote FinTechs and innovations through the advancement of the BSL Regulatory Sandbox. The Sandbox oversees capacity building of its staff and the introduction of many new fintech innovations that will soon change Sierra Leone's landscape.



Salone Payment Switch Parade



His Excellency, the President of Sierra Leone(right) with the Bank of Sierra Leone Governor(left)



## NATIONAL STRATEGY FOR FINANCIAL INCLUSION



## ACHIEVEMENTS SO FAR AND UPDATES ON THE STRATEGY (Cont'd.)

## FINANCIAL EDUCATION, FINANCIAL LITERACY &amp; CONSUMER PROTECTION



- ✓ The launch of the Financial Inclusion Newsletter, an effort to raise awareness, increase communication and improve financial education and literacy with the public.
- ✓ Development of Financial Literacy Core Messages that focus on key topics and concepts to increase financial literacy and education levels through various tips and best practices.
- ✓ Partnerships with NGOs, including CAFOD to provide training on BSL regulations and guidelines relevant to community groups, women groups etc.
- ✓ Launch and popularisation of consumer protection guidelines for FSPs, to ensure that customers have access to safe financial products and services.
- ✓ Launch of a BSL Gender Financial Inclusion Team to formulate gender specific financial inclusion policies and promote women financial inclusion through financial literacy and education.



Financial Inclusion Newsletter Issue No. 2



Cross section of BSL &amp; CAFOD staff on community trainings



BSL staff on community trainings





## EFFORTS TO IMPROVE FINANCIAL INCLUSION FOR RURAL AND INFORMAL COMMUNITIES

- BSL, Apex Bank SL and government ministries joined in the International Fund for Rural Development (IFAD) supervision mission of the Rural Finance and Community Improvement Project (RFCIP 2)

BSL, the Ministries of Finance, Agriculture, and Planning and Economic Development, and Apex Bank joined IFAD to meet with various community banks and financial service associations to assess and discuss interventions to promote agri-finance in rural communities, and innovations in the rural finance network to ease the flow of financial transactions.

- Signing of Memorandum of Understanding between Bank of Sierra Leone, Department of Cooperatives (DoC) and National Cooperative Credit Union Association (NaCCUA)

The signed MoU will support the supervision and regulation of credit unions across the country, which will effectively provide safe and accessible finance to a greater number of Sierra Leoneans in rural and underserved communities.



*Supervision mission to rural communities in collaboration with the Apex Bank, IFAD, Ministry of Finance*



*Heads of BSL, Department of Cooperatives & National Cooperative Credit Union Association*



## BSL EVENTS: PROMOTING FINANCIAL INCLUSION



### Training on Risk-Based Supervision

The BSL in collaboration with Toronto Leadership Centre - Canada organized a Risk-Based Supervision (RBS) program for the Other Financial Institutions Supervision Department (OFISD) and other relevant departments in the Bank of Sierra Leone (BSL). The training focused on identifying and managing risks in the financial sector. Instead of a one-size-fit-all approach, RBS assesses institutions, based on their risk profile, financial health, and systemic impact.

Key aspects include:

- Risk Assessment: Identifying high-risk institutions and prioritizing supervisory efforts.
- Proportional Regulation: Applying tailored oversight based on an institution's size, complexity, and risk exposure.
- Continuous Monitoring: Using both on-site and off-site evaluation to track financial stability.
- Early Intervention: Take corrective actions to prevent financial distress.

This approach improves financial stability, enhances regulatory efficiency, and supports economic growth.



Keynote by Deputy Governor, Financial Stability – Sheikh A. Y. Sesay(right)



Toronto Leadership Centre representatives and staff of BSL

FINANCIAL INCLUSION EXPERT'S CORNER:  
INSIGHTS & RESOURCES**GET TO KNOW MORE ABOUT THE SIERRA LEONE NATIONAL  
PAYMENT SWITCH****What is a National Payment Switch?**

A National Payment Switch is a platform that facilitates interconnection and interoperability between payment channels of various players in the financial landscape. Traditionally, each financial institution, particularly commercial banks, speak their different languages – making it harder for customers to conduct transactions between different banks.

However, with a National Payment Switch, there is improved interoperability – all commercial banks start to speak the same language which makes it easier for interbank transactions. These transactions can occur across a variety of channels. Likewise, the Salone Payment Switch allows buyers (users) and sellers of financial products and services to transact across channels such as ATMs and POS terminals in Sierra Leone.

**What are the benefits of the National Payment Switch?**

The National Payment Switch benefits the entire country – from government ministries, departments and agencies to the private sector and individual customers. The benefits include:

- Ease and convenience of processing transactions without involving physical cash.
- Accurate and timely payments and financial transactions data.
- Transparency in financial transactions, and improved revenue collection for government agencies.
- Shared network between financial service providers to help reduce cost of transactions.
- Customers also have reliable access to more payment facilities and are not limited to single bank's facility.
- Speed, secure, convenience and lower transaction fees.
- Real time settlement and confirmation.
- Provision of new opportunities and more.



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PAYMENT SWITCH

The Salone Payment Switch is being implemented in three phases:



**Phase I** was launched in April 2023. This focuses on the interoperability of ATMs and POS terminals. This means that one can conduct transactions on any ATM or POS regardless of the bank card being used or bank account.



**Phase II** is about instant payments. This will allow payment to be done across various platforms using mobile money and fintechs. To move money from bank account to another, bank account to wallets, wallet to bank account and wallets to wallets.



**Phase III** focuses on opening to the international gateway. This will allow individuals to easily make international transactions from their bank accounts in Sierra Leone to bank accounts globally.



Following the successful implementation of all the phases, the National Switch will allow for:

- ✓ Direct transactions between accounts of different banks.
- ✓ Direct transactions between wallets of different mobile money operators.
- ✓ Direct transactions between wallets of different mobile money operators and banks.
- ✓ Settlement of funds for transactions across schemes, between schemes and banks.
- ✓ Allows for easy customer registration across the financial institutions and mobile money operators.

FINANCIAL INCLUSION EXPERT'S CORNER:  
INSIGHTS & RESOURCESGET TO KNOW MORE ABOUT THE SIERRA LEONE NATIONAL  
PAYMENT SWITCH (Contd.)**1. What is an Instant Payment Service (IPS)?**

An IPS enables real-time, 24/7 transfers of funds between two parties, ensuring that transactions are completed in real time.

**2. How does an Instant Payment Service work within Salone Pement Switch (SaPS)?**

Salone Payment Switch (SaPS) connects multiple financial institutions, allowing for seamless real-time payment processing across various participants.

**3. Who can use an Instant Payment Service?**

Individuals, businesses, and financial institutions connected to the National Switch can use the Service for real-time payments.

**4. Is the Instant Payment Service available 24/7?**

Yes, IPS operates around the clock, even on weekends and public holidays.

**5. What are the main benefits of using an Instant Payment Service?**

Fast, Secure, convenience, enhanced cash flow, lower transaction fees, and real-time transaction confirmations.

**6. What kinds of transactions can be processed using IPS?**

Person-to-person (P2P), business-to-business (B2B), consumer-to-business (C2B), and government-related transactions.

**7. What is the role of the SaPS in IPS?**

SaPS ensures interoperability between banks, mobile money operators, and other financial service providers.

**8. How quickly are payments settled?**

Payments are settled in seconds or within minutes after initiation.

**9. Is IPS secure?**

Yes, IPS employs strict encryption, multi-factor authentication, and regulatory compliance for secure transactions.

**10. What happens if an Instant Payment fails?**

If a payment fails, the Service sends an immediate notification, and no funds are Debited.

FINANCIAL INCLUSION EXPERT'S CORNER:  
INSIGHTS & RESOURCESGET TO KNOW MORE ABOUT THE SIERRA LEONE NATIONAL  
PAYMENT SWITCH (Cont'd.)**11. Can I track my payments?**

Yes, you receive instant notifications after transactions, and you can track them via your bank's mobile or online services.

**12. Are there limits on how much I can transfer?**

Each financial institution sets transaction limits. Typically, IPS is designed for low-to-medium-value payments.

**13. What fees are involved in Instant Payments?**

The fees depend on the financial institution, but they are generally lower than traditional transfer methods.

**14. How do I know if my payment was successful?**

Both the sender and recipient will receive confirmation messages from their respective banks or mobile money operators.

**15. Can I send money to other countries using IPS?**

Cross-border transactions depend on international agreements. Some IPS Services allow cross-border transfers through integration with international gateways.

**16. How do I register for Instant Payments?**

You can register by contacting your financial institution, which will enable IPS on your account.

**17. What happens if I enter incorrect details in an IPS transaction?**

If incorrect details are entered, the payment will either fail or be sent to the wrong account. IPS transactions are irreversible, so it's important to doublecheck before confirming.

**18. Can I cancel an Instant Payment once it has been initiated?**

No, due to the immediate nature of the transactions, instant payments cannot be canceled once processed.

**19. What happens if the recipient's account is inactive?**

The payment will fail, and no funds will be debited from your account.



FINANCIAL INCLUSION EXPERT'S CORNER:  
INSIGHTS & RESOURCESGET TO KNOW MORE ABOUT THE SIERRA LEONE NATIONAL  
PAYMENT SWITCH (Contd.)**20. How do financial institutions communicate in an IPS?**

They use standardized messaging formats like ISO 20022, which allows for real-time data exchange between Services.

**21. Can businesses use IPS for payroll or supplier payments?**

Yes, IPS can be used by businesses for payroll, supplier payments, and other transactions requiring immediate settlement.

**22. What are the key challenges with implementing an IPS?**

Key challenges include ensuring nationwide interoperability, managing high transaction volumes, stable internet connectivity and adhering to regulatory compliance.

**23. What types of accounts can be linked to an IPS?**

Both bank accounts and mobile money accounts can be linked to the IPS as long as they are part of the SaPS network.

**24. What happens during a service outage?**

SaPS typically has redundancy services in place. If an individual bank or provider has an outage, transactions might be delayed until service is restored.

**25. Can IPS be integrated with mobile banking apps?**

Yes, most banks and mobile operators integrate IPS into their mobile banking or digital wallet apps for ease of use.

**26. What is the difference between Instant Payment Services and traditional bank transfers?**

IPS processes transactions in real-time, while traditional bank transfers may take hours or days to settle, especially across banks.

**27. Can IPS transactions be used for high-value payments?**

IPS is typically designed for low, medium and high-value payments. High-value payments may be restricted or routed through other payment services.

**28. How does IPS impact financial inclusion?**

IPS enhances financial inclusion by enabling access to real-time payments for individuals and businesses, especially in underserved areas.

FINANCIAL INCLUSION EXPERT'S CORNER:  
INSIGHTS & RESOURCESGET TO KNOW MORE ABOUT THE SIERRA LEONE NATIONAL  
PAYMENT SWITCH (Contd.)**29. How does IPS help businesses?**

It improves cash flow by providing immediate access to funds, allowing businesses to process payments faster and reducing settlement risk.

**30. How are instant payments regulated?**

IPS is regulated by the Bank of Sierra Leone, which set guidelines for security, transaction limits, and compliance.

**31. Can IPS be used for government payments?**

Yes, government can use IPS for instant disbursement of social benefits, tax refunds, and other government-related payments.

**32. How does IPS affect consumer spending habits?**

Consumers tend to spend more confidently knowing that their payments are processed instantly and their funds are immediately available.

**33. How does IPS contribute to reducing cash usage?**

IPS provides a fast, secure alternative to cash, encouraging individuals and businesses to move away from physical currency.

**34. Can IPS be used for online purchases?**

Yes, IPS can be integrated into e-commerce platforms to enable instant checkout payments.

**35. How do I resolve a dispute with an IPS transaction?**

Disputes are handled by the respective financial institution and there is also a dispute portal where you can raise a complaint if there is an issue with a payment, but since payments are instant, resolution options are limited.

**36. What role do FinTechs play in IPS?**

FinTechs can act as intermediaries or service providers, offering real-time payment solutions for banks, businesses, and consumers.

**37. How are cross-bank IPS transactions handled?**

Cross-bank IPS transactions are routed through the SaPS, ensuring interoperability between different banks.

FINANCIAL INCLUSION EXPERT'S CORNER:  
INSIGHTS & RESOURCESGET TO KNOW MORE ABOUT THE SIERRA LEONE NATIONAL  
PAYMENT SWITCH (Contd.)**38. Are there any risks associated with IPS?**

While IPS is secure, risks include potential cyber-attacks, fraud, and errors in transaction details. However, strong regulations and security measures mitigate these risks.

**39. How can I get support for IPS-related issues?**

For support, contact your bank or mobile money provider, which can assist with resolving issues related to instant payments.

**40. Is it possible for someone to have multiple accounts with different participants on IPS?**

Yes, you can have multiple accounts with different participants using the same phone number on the Instant Payment Service.

**41. How can I register for each participant?**

Visit each participating financial institution with your National ID card and update your account to be part of the Instant Payment Service.

WORKSHOP ON THE REGULATION AND SUPERVISION OF OTHER  
FINANCIAL INSTITUTIONS (OFIs)

In a workshop organized by Other Financial Institutions Supervision Department (OFISD) for Other Financial Institutions/non-banks (OFIs) in July 2024, operators were sensitized on the relevance of the National Identification Number (NIN) to enable their customers to transfer funds between all payment platforms. Facilitators emphasized the need for a unique identifier which is necessary to enhance Know Your Customer (KYC) in the financial sector.

The participants were drawn from Microfinance Institutions, Community Banks, Foreign Exchange Bureaus, Mobile Money Operators and Discount Houses.



## Contributors and Appreciation Message:

The Financial Inclusion Newsletter initiative would not have been possible without the continued support and guidance from the Governor of Bank of Sierra Leone, Dr. Ibrahim L. Stevens and Deputy Governor Financial Stability, Sheikh A.Y Sesay.

Additional thanks to all the Directors at the Bank of Sierra Leone for their inputs and participation to the Financial Inclusion Newsletter and financial inclusion efforts. Special thanks also to the Alliance for Financial Inclusion (AFI) and UN Capital Development Fund (UNCDF) for their continued support to the Financial Sector Development Unit and the Bank of Sierra Leone over the years.

Financial Inclusion Newsletter encourages its readers to send their contributions based on their experiences in the sector.

For inquiries, comments and/or suggestions on the Newsletter, please email: [fkamara@bsl.gov.sl](mailto:fkamara@bsl.gov.sl)



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