



## **BANK OF SIERRA LEONE 60TH ANNIVERSARY CELEBRATION**

**THEME: REPOSITIONING THE BANK OF SIERRA LEONE TO BETTER DELIVER ON ITS MANDATE**

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### **WELCOME STATEMENT BY THE GOVERNOR, BANK OF SIERRA LEONE AT THE BANQUET HELD ON 2 AUGUST 2024 AT THE FREETOWN INTERNATIONAL CONFERENCE CENTER**

Your Excellency the President of the Republic of Sierra Leone, Brigadier (Rtd.) Dr. Julius Maada Bio

The Chief Minister

The Minister of Finance

Other Cabinet Ministers

The Honourable Speaker of Parliament

Members of Parliament

The Honourable Chief Justice

Her Worship the Mayor

Distinguished Heads of Government Departments and Agencies

Members of the Diplomatic and Consular Corps

The Governor of the Central Bank of the Gambia

Board Members of the Bank of Sierra Leone

Members of the Monetary Policy Committee of the Bank

Representatives of Multilateral Organisations

Heads of Sub-regional Economic Organisations

Heads of Financial Institutions

The Business Community

Members of the Fourth Estate

Distinguished Ladies and Gentlemen

Good evening.

1. It is with immense honour and a deep sense of gratitude that I welcome you all to the 60th anniversary banquet of the Bank of Sierra Leone (BSL). I am elated to heartily Welcome H.E. the President Rtd. Brigadier Dr. Julius Maada Bio and humbled by the gracious consent of H E, the President, to deliver the Keynote Address at this historic and auspicious occasion. We also welcome the Chief Minister, distinguished Heads of other Government Ministries, Departments and Agencies, Heads of Diplomatic Missions and development partners, and the business community, all of whom have supported the Bank in the attainment of its goals.
2. I am delighted to also welcome the Honourable Governor of the Central Bank of the Gambia, Mr. Buah Saidy. By joining us in the celebration of the 60th anniversary of our Bank, he further strengthens the bond between our sister institutions and reaffirms our mutual commitment to Sub-regional growth and integration. Indeed, we are honoured by the array of distinguished personalities who have granted us the pleasure of their company here this evening. As I welcome you all, on behalf of the Board, Management and Staff of the Bank of Sierra Leone, let me reassert our faith in the assurance that your support and cooperation is continuous and enduring.
3. Your Excellency, distinguished guests, ladies and gentlemen, the theme of our 60th anniversary celebration is "**Repositioning the Bank of Sierra Leone to better deliver on its Mandate**".
4. This theme captures the rich and evolving history of the Bank of Sierra Leone. It also aligns that history with our unflinching resolve to deploy modern, innovative and technology-driven approaches in a rapidly changing financial services landscape, to attain, sustain and maintain a modern and effective central bank.
5. The history we celebrate is rooted in the post-independence desire for our nation to leave the West African Currency Board and establish its own central bank that will manage the country's monetary policy and financial affairs. The maiden Bank of Sierra Leone Act was enacted in 1963. The new Bank of Sierra Leone commenced operation on the 4 August 1964. Among its statutory objectives were: (i) the formulation and implementation of sound Monetary Policy to achieve Price and Financial Stability in the economy, and (ii) the issuance of the national currency (the Leone).
6. The Bank of Sierra Leone introduced the national currency, the Leone, in 1964, replacing the British West African pound. In the succeeding years the mandate of the Bank evolved in the wake of a similarly evolving socio-economic environment. In recent times, the amendments to the Bank of Sierra Leone Act, were aimed at delivering effective monetary management and robust regulation of banks and other financial services. It provided for a Monetary Policy Committee and a Financial Policy Committee. It also introduced a second Deputy Governor position and thus charge the First Deputy Governor with responsibility

for monetary stability and the Second Deputy Governor with responsibility for financial stability.

7. More recently, and consistent with its mandate, the Bank developed a strategy for enhancing financial inclusion and repositioning the financial system as a modern technology-driven ecosystem. The National Strategy for Financial Inclusion was launched in 2017, and the second phase of the strategy was launched in 2022. We developed the first “Regulatory Sandbox” in the subregion, in 2018. The sandbox provided for the gradual onboarding of digital financial products with a careful assessment of the risks before granting a full license for the use of these products our financial system. Today, we have increased financial inclusion from around 20 percent in 2017 to around 29 percent in 2021. Efforts at addressing financial exclusion now focus on the most vulnerable groups - women and youths. We acknowledge with thanks the financial support provided by the World Bank under the Sierra Leone Financial Inclusion Project, in 2019 and 2023.
8. Under the leadership and guidance of H.E. the President, the country’s first National Payment Switch was launched in 2023, deploying card switching at commercial banks’ interoperated Automated Teller Machines (ATMs) and Point of Sales (POS) machines. Work is far advanced on the second phase of the National Payment Switch project, Instant Payments - interconnecting bank accounts and mobile money wallets. There are currently five commercial banks in a pilot, conducting instant payments in a restricted-live environment. This approach is rooted in the Bank’s “Regulatory Sandbox” ethos. Instant payments, when completed, would provide boundless access to financial services for our rural communities, without the need for physical infrastructure, especially for women and youths.
9. Your Excellency, distinguished guests, ladies and gentlemen, over the past few years, Parliament has enacted critical legislative reforms that are pivotal for increasing financial inclusion and maintaining financial system safety and soundness. These include the revised Borrowers and Lenders Act 2019, which made possible the use of movable assets, such as, inventory and household furniture as collateral for bank loans, the Deposit Protection Act 2023, which establishes a Deposit Protection Fund for the banking system, and the Bank of Sierra Leone Amendment Act 2023, to allow the use of currencies other than the Leone in prescribed circumstances. The Bank also issued a Financial Consumer Protection Guidelines in 2022, to guarantee the protection of consumers of financial services.
10. Your Excellency, distinguished guest, ladies and gentlemen, in addition to the legislative reforms, there have been significant policy reforms in the Bank, including allowing commercial banks to lend in foreign currency, on a case-by-case basis and subject to the approval of the Bank of Sierra Leone. The announcement effect of these measures has generated enormous market confidence and supported the stability of the Leone for almost a year. Our consistent and tight monetary policy stance has yielded a noticeable decline in inflationary pressures. We also achieved a successful transition to the New Leone, in

December 2023 and in first quarter of 2024, contributing to overall macroeconomic stability. We express our thanks and profound appreciation to the public, for their support and cooperation, and for the trust and confidence reposed in us. Without the public's support, the transition to the New Leone would have been impossible. On the financial sector, financial soundness indicators and other system-wide assessments suggests that the sector remains safe and sound. Asset quality, which had been challenging until recently, as measured by the level of non-performing loans, has recently been within the acceptable statutory limits.

11. Furthermore, the ongoing improvement of our Credit Reference Bureau (CRB) has minimized information asymmetry in the credit market. Several new guidelines have also been introduced covering Corporate Governance for Commercial Banks, Enterprise Risk Management, Credit Risk Management, Cyber Security and IT Management, and a framework for Domestic Systemically Important Banks (D-SIBs). These guidelines are in the early stages of implementation, with plans to develop further policies to address financial system stability.
12. A major development over the past year is the creation of the Financial Policy Committee, tasked with advising the Board on financial system stability and prudential supervision, at both micro and macro levels. Consequently, the Bank has deployed new initiatives including the establishment of a Macro-prudential Policy Framework designed to enhance the financial system's resilience, mitigate systemic risks, and ensure a robust payments system infrastructure. Additionally, the Bank publishes an annual Financial Stability Report, providing insights into the risks facing the financial system, and conducts macro stress tests for internal policy analysis, to enhance our risk-based supervision approach.
13. Your Excellency, distinguished guests, ladies and gentlemen, according to the International Monetary Fund's (IMF) April 2024 World Economic Outlook, global growth is projected to remain stable at 3.2% through 2024 and 2025, mirroring the rates of 2023. This projection, however, falls below the historical average of 3.8% observed from 2000 to 2019, attributed to factors such as low productivity growth and stringent monetary policies. Emerging market economies like China, India, and Brazil are expected to be significant contributors to this global growth.
14. The resilience in advanced economies and vigorous growth in emerging markets are central to the global economic upswing. Growth in Sub-Saharan Africa is forecasted at 3.8% in 2024 from 3.4% in 2023, with expectations of a further rise to 4.0% by 2025. This uplift is driven by recovery in major economies such as Nigeria and South Africa, buoyed by favourable commodity prices, strong domestic demand, stabilized public debt ratios, and increased investment.

15. In Sierra Leone, the economy began its recovery in 2021 following the 2020 contraction engendered by the COVID-19 pandemic, with real GDP growing by 4.0% in 2021, driven by robust activities in the agriculture, mining, and services sectors.
16. In 2022, this recovery process slowed down, due to the macroeconomic uncertainty generated from geopolitical tension, specifically, the Russia-Ukraine war. Thus, the economy grew by 3.5% in 2022. Increased supply-chain disruptions and import costs were consequences of the tension, which affected Sierra Leone from both production and price channels. Consequently, Sierra Leone's economic growth in 2022 was lower than in 2021 and inflationary pressures in 2022 were higher than in 2021. Real GDP growth in 2023 was slightly lower than 2022, at 3.4%. This resilience, despite the global uncertainty, was due to growth in the agricultural sector and the mining sector as well as investment in non-mining sectors such as tourism and manufacturing.
17. Despite these challenges, Sierra Leone's strategic direction for the future remains optimistic. Looking ahead to end 2024 and beyond, the economy is projected to recover to a growth rate of 4.0% in 2024 and further increase to 4.5% in 2025. This optimism is anchored on substantial investments in agriculture, the revival of the tourism sector, and expansions in manufacturing. These are supported by significant reforms in the business regulatory and financial landscapes designed to stimulate private sector involvement and enhance economic resilience.
18. However, the gross foreign exchange reserves have recently faced pressures, decreasing to 2.4 months of import cover as at end-June 2024, from 2.9 months of import cover as at end-December 2023, due to increased external debt service payments. However, we expect a significant rebound by end-December 2024. Foreign exchange reserves are expected to increase appreciably, supported by a new program with the IMF and disbursements of budget support by development partners. Additionally, to build reserves, the Bank of Sierra Leone shall embark on a gold-purchase programme, from both artisanal miners and large-scale mining companies.
19. Since the start Russia-Ukraine war in February 2022, inflationary pressures consistently increased for more than 18 months. Key factors contributing to this trend included demand and supply-side pressures, which culminated into exchange rate depreciation and elevated domestic food and fuel prices. Headline inflation, peaked at 54.59 % in October 2023. However, from November 2023 there has been a noticeable decline. In March 2024, headline inflation stood at 41.65% and by June 2024 it had reduced to 31.93%, representing a 22.66 percentage point decrease since the peak in October 2023. The trend reversal is due to the tight monetary policy, stable exchange rates and declining international food and energy prices. The Bank has also rolled over its Agricultural Credit Facility, which was introduced at the height of the pandemic. We shall continue to pursue credible disinflationary strategies until we achieve low and stable inflation.

20. Your Excellency, distinguished guests, ladies and gentlemen, the Bank of Sierra Leone has developed a Strategic Plan for the period 2024-2028, which is a comprehensive roadmap aimed at repositioning the Bank to better deliver on its mandate amid evolving domestic and global environments. This plan envisions transforming the Bank into a modern, effective, and dynamic institution that not only meets Sierra Leone's financial growth and development need, but also aligns with sub-regional and global financial systems.
21. The aim of this plan is to ensure macroeconomic stability, support government economic policies, and foster a resilient and inclusive financial system. To achieve this vision, the Strategic Plan sets forth several objectives. These include, advancing digital transformation by promoting digital payment systems and fully implementing the National Payments System Act 2022. We are committed to enhancing our monetary policy framework to ensure price stability and to develop additional tools to improve the transmission of policy decisions throughout the economy.
22. Your Excellency, distinguished guests, ladies and gentlemen, your presence and support tonight have not only honoured us but have also reinforced our consciousness of the critical mission that lies at the core of our institution and the implications for the wider economy. We hope that as we dine, we shall reinforce our shared vision and aspirations for a better and stronger economy. I therefore heartily welcome you all, on behalf of the Board, Management and Staff of the Bank of Sierra Leone to the 60th Anniversary Banquet of the Bank.