



PRESS RELEASE

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MISREPRESENTATION OF A STATEMENT MADE IN PARLIAMENT BY THE GOVERNOR OF THE BANK OF SIERRA LEONE

Freetown SL: The attention of the Bank of Sierra Leone (the Bank) has been drawn to a mischaracterisation of a statement the Governor made in Parliament by some newspapers and a video clip circulating on social media, both deliberately and maliciously misconstruing the said statement.

In view of the above, the Bank makes the following clarifications:

- 1.** In his pre-legislation presentation to Parliament on the 22nd November, 2021, relating to the redenomination of the Leone, the Governor, Professor Kelfala M. Kallon, mentioned the massive hoarding of Leones, starting in June 2020, as one of several factors justifying the Bank's decision to redenominate the currency.
- 2.** To address the cash shortage that resulted from the aforementioned hoarding, the Bank started spending substantial sums of money on ordering and airlifting replacement notes, which were similarly withdrawn from circulation and hoarded. Consequently, the Bank was compelled to conduct monetary operations wherein United States dollar notes were swapped for Leone notes through the commercial banks. Customers participating in the swap would deposit Leone notes in their commercial bank accounts, which were swapped at the Bank for US dollar notes, and the US dollars paid to the customers who made the deposits. However, as soon as the deposited Leones were put back into circulation, they were also quickly withdrawn and hoarded, thereby creating a need for another round of dollar-Leone swap. By August 2021, the Bank had spent about 68 million US dollars on this operation.
- 3.** The Governor figuratively used "bribery" to describe this sequence of hoarders exchanging their Leone notes for US dollar notes and then withdrawing the recirculated Leone notes so that the Bank of Sierra Leone would be compelled to buy them back with US dollars in order to avert catastrophic shortages of cash in the banking system.
- 4.** In the Question and Answer session following the presentation, two members of Parliament asked the Governor why he used the word "bribe", given that some journalist in the room would go and twist it in ways that the Governor would regret.

- 5.** The Governor responded that, while a professor, he had often used “bribe” in his lectures to explain to students that consumers often “bribe” producers with higher prices as incentives for the latter to increase the supply of commodities in short supply. To clarify what he meant by “bribe” in the instant case, he used the example of the willingness of consumers to pay higher prices for peppers so that farmers would supply more peppers to the market when they are in short supply. It was in this context, he concluded, that he used the verb “bribe” to explain how the Bank of Sierra Leone used 68 million US dollars to bring Leones back into the banking system.
- 6.** It is unfortunate that in spite of this explanation, some newspapers and persons on social media chose to deliberately mischaracterise the Governor’s nuanced statement as a confession that he had engaged in bribery.
- 7.** The Bank wishes to make it categorically clear to the public that all its monetary policy operations, including that between June 2020 and August, 2021, are driven by only its duty to maintain the stability and soundness of the financial system, and nothing else.
- 8.** The Bank further wishes the public to know that it is unflinchingly committed to redenominating the Leone and putting controls in place to prevent its hoarding in the future. In this regard, it further wishes to inform the public that, as soon as the legal instrument that has been laid in Parliament matures, a full-scale nationwide sensitisation of the population will commence.

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