

The Bank of Sierra Leone Regulatory Sandbox

BACKGROUND

Digital Financial services can play a huge role in bridging the gap in the access and usage of financial services. As the financial systems is increasingly becoming digitalized, Regulators are faced with the challenge of ensuring the safety and soundness of the financial system without stifling innovation. Therefore, regulatory frameworks should be tailored to support technology-based innovation and experiments without negatively impacting the financial stability of the financial sector.

What is a Regulatory Sandbox?

It is a framework set up by a financial sector regulator to allow small scale, *live testing* of *innovations* by private firms in a *controlled environment* under the regulator's supervision. The concept, which was developed in a time of rapid technological innovation in financial markets, is an attempt to address the frictions between regulators' desire to encourage and enable innovation and the emphasis on regulation following the financial crisis of 2007–2008.

A regulatory sandbox introduces the potential to change the nature of the relationship between regulators and financial services providers towards a more open and active dialogue. It may also enable the regulator to revise and shape the regulatory and supervisory framework with agility.

The BSL Regulatory Sandbox Pilot Program – is a safe space for unregulated financial sector innovations to grow under the guidance of the BSL staff and other specialists. The Sandbox Pilot Program is intended to enable innovative FinTech products, services, and solutions to be deployed and tested in a live controlled environment, within specified parameters and timeframes. Equally important, the Sandbox Pilot Program is intended to facilitate BSL's understanding of emerging technologies and support.

Evidence based approaches to regulations that advance the goals of Financial Inclusion, Financial

stability, Integrity and Consumer Protection. The Sandbox is intended to foster responsible innovation that benefits consumers in Sierra Leone by improving the quality of access to Financial Products and Services.

The first cohort in participates of the BSL Regulatory Sandbox Pilot program are:

- (i) Noory
- (ii) iCommit
- (iii) InvestED & Salone Microfinance Trust (SMT)
- (iv) MyPay

Noory

Noory is a solution incubated by IDTLABs (SL) Limited. Noory is a Mobile payment aggregator. It allows third parties to build products using mobile money platforms, thereby increasing the value of payments for customers. Noory allows payment request to be made programatically and will enable further solutions from micro-insurance to P2P lending and payroll processing.

icommit

icommit is a mobile money cash transfer that allows farmers to save money during harvest season which will enable them to purchase crop inputs for the next growing season. Icommit leverages mobile money channels to reach rural population, thereby promoting Digital Financial Services (DFS) adoption.

InvestED

InvestED is a mobile educational application for improving livelihood and building stable family income through behavioral change and financial literacy information. The solution is presented by Salone Microfinace Trust in partnership with InvestED. InvestED provides a platform for training low-income entrepreneurs in deprived communities and rural areas and thereby graduating these entrepreneurs to qualify to apply for loans using a digital credit rating feature.

MyPay

MYPAY is a solution presented by DEYAS LDA (SL) Limited. The solution is an electronic money platform that integrates electronic money, payments and money transfer services and interface with customer.