CELEBRATING 50 YEARS OF SERVICE TO THE NATION

Address By the Governor Bank of Sierra Leone

on the Occasion of the Bank's 50th Anniversary

On the 4th of August 1964, the Bank of Sierra Leone opened its doors to the public based on the 1963 Bank of Sierra Leone Act of Parliament authorising the establishment of a Central Bank.

From the two buildings in the heart of Freetown and the branch in Kenema, the Bank has stood tall in executing its mandate. Inside the steel and concrete structures at Siaka Stevens Street and Gloucester Street in Freetown and Hangha Road in Kenema City, staff of the bank, both past and present as per the mandate of the Bank have been preoccupied:

- with the formulation and implementation of monetary policy aimed at achieving price stability to eventually contribute to favourable macroeconomic conditions;
- supervising and promoting the affairs of Commercial banks and other financial institutions;
- servicing and supporting government's activities and
- engineering the growth and development of the Bank itself.

At this juncture, let me note that our 50th anniversary comes in the wake of a major health threat facing the country. As a Bank, we would like to use this occasion to sympathise with the relatives and communities of all our compatriots who have fallen victim to this disease. The Bank of Sierra Leone registers its full support for any and all actions the Government has taken and will take to combat the threat. We will remain committed to ensuring that the financial sector continues to be of service to all communities in the safest and most effective manner. Furthermore, the Bank will donate the sum of One Hundred Million Leones to the Government as its contribution to ongoing efforts towards eradicating Ebola from our beloved country.

Throughout its fifty years of existence as per the 1963, 2000 and 2011, Acts of Parliament, the Bank of Sierra Leone has strived to effectively execute its mandate. In this vein, the Bank performs a number of functions, including:

- act as banker, adviser and fiscal agent of the Government;
- issue and manage the currency of Sierra Leone;
- own, hold and maintain the official international reserves including the reserves of gold;

- license, register, regulate and supervise financial institutions as specified in the Act or any other enactment;
- formulate and implement the foreign exchange policy of Sierra Leone;
- establish, promote, license and oversee a sound and efficient payment and securities settlement systems;
- formulate and implement monetary policy, financial regulations and prudential standards; and
- act as a depository for funds from international organizations.

Over these fifty years, the Bank has faced numerous challenges but has also recorded significant achievements which, has buoyed the Bank to strive for greater successes. At this stage I would like to share with you, some of the Bank's achievement:

First, the Bank moved from purely administrative controls and direct instruments to market determined mechanisms in the conduct of its monetary policy functions. This has allowed the Bank to adopt a monetary targeting framework, with indirect instruments such as open market operations, reserve requirements and rediscount rate.

Second, monetary policy formulation has been further enhanced and made effective by the creation of a Monetary Policy Committee (MPC),which is underpinned by a restructured Monetary Policy Technical Committee (MPTC)whose membership now includes the Ministry of Finance and Economic Development, National Revenue Authority, the University of Sierra Leone and Statistics Sierra Leone. A major outcome of the work of the reconstituted MPC, is the decline in the rate of inflation from double digits in the past few years to single digit of around 6% as of now.

Third, in terms of financial sector supervision and regulation, the Bank of Sierra Leone has initiated passage into law of numerous Acts and public notices as part of its role in regulating the financial sector including:

- The Banking Act 1970
- The Bank of Sierra Leone Act 2000
- The Banking Act 2000
- The Other Financial Services Act 2001
- The Anti Money Laundering Act 2005
- The Other Financial Services Act 2007
- The Payments System Act 2009

Fourth, our collaborative effort with the World Bank has resulted in the formulation of a Financial Sector Development Plan (FSDP) that now

constitutes the basis to address weaknesses identified in the financial sector. This Plan resulted in the enactment of a number of laws as follows;

- The Credit Reference Act 2011
- The Bank of Sierra Leone Act 2011
- The Banking Act 2011
- The Anti-Money Laundering and Combating of Financing of Terrorism Act 2012

Also emanating from the Financial Sector Development Plan are three bills namely: the Collective Investment Scheme, Securities Bill and the Borrowers and Lenders Bills. They have all received Cabinet approval and will shortly be presented to Parliament for enactment. These Acts and Bills are laying the foundation for a robust and stable financial system.

Fifth, the emergence of more financial institutions, in particular Commercial and Community Banks and the subsequent establishment of branches all over the country have engendered competition with the potential for long term positive effects.

Sixth, the establishment of a Credit Reference Bureau in 2011 to provide credit report on potential borrowers has helped sanitize the loans portfolio of commercial banks.

Seventh, the facilitation of banking transactions using Technology, with the support of the African Development Bank has:

- Created a modernised payment and settlement system implemented with the objective of instantly settling transactions while eliminating settlement risks thus making transactions faster and safer.
- Constructed and operationalised a state of the art computer based disaster recovery site to support the new payment and settlement system.
- Enhanced banking supervision through a computer based surveillance system with support from the International Fund for Agriculture Development, to minimize human errors in submission of commercial bank returns and improve overall analysis of the financial system.

Eighth, the Bank has also been instrumental in setting up a Financial Intelligence Unit (FIU) with mandate to investigate suspected cases of money laundering, suspicious transactions and financing of terrorism.

Despite its achievements, over the past 50 years, the Bank has had to cope with ongoing challenges and emerging ones, in line with global realities and

local demands. Ongoing challenges include high lending rates, foreign exchange volatility, limited access to finance and related facilities outside of the urban areas, lack of long term financing for key growth sectors such as agriculture and manufacturing and rudimentary capital markets.

Although initial steps have been taken in the migration to technology, much more needs to be done to intensify its introduction and utilisation.

Another worrying challenge is the long queues in banking halls resulting in unacceptable waiting periods.

More practically, from our vantage point, we see SALHOC Savings Bank hardly being used, Post Office Savings Bank not operating, National Development Bank closed, the National Cooperative Development Bank moribund and the Stock Exchange engulfed in operational issues. At the centre of all of this, is the need for adequate and decisive decisions and actions, which poses a challenge to the Bank and other Key financial sector players.

Another challenge that involves all of us is the very, very poor handling of our currency notes resulting in its damage and therefore frequent replacement. Above and beyond the serious cost implications, is the berating of one of our symbols of Nationhood. In this regard, I take this opportunity to appeal to all Sierra Leoneans to handle our currency notes with pride and respect, as this is a symbol of our sovereignty. In a similar vein, let me remind all that the official currency of Sierra Leone is the Leone and all transactions must be quoted and executed in Leones.

Going forward, the Bank is involved in initiatives to strengthen commercial banking with the Sierra Leone Association of Commercial Banks (SLACB) through the development of a banking college, operationalisation of the Sierra Leone Chapter of the Chartered Institute of Bankers and establishing a national switch for interconnectivity and inter operatability. The Bank in partnership with the Ministry of Finance and Economic Development (MOFED) is also involved in the resuscitation of a National Development Bank which will aim to operate in the long term financing market to support the critical growth sectors.

As we celebrate fifty years of service to our country, it is clear that the work of the Bank of Sierra Leone has been in direct response to the wishes and aspirations of all Sierra Leoneans for a better life and prosperous country.

In the years ahead, it is envisaged that the staff will need to work even harder to build a Bank that:

- Prides itself as a National icon serving the interest of the country.
- Prides itself for a team based approach to work for enhanced productivity and efficient uses of resources.
- Prides itself as a technological driven institution.
- Prides itself for its professionalism grounded on training and development.
- Prides itself for its leadership in providing workable solutions and
- Prides itself for valuing consultation, cooperation and collaborative work mechanisms to deliver its mandate

I note too well, the autonomy of the Bank, in its operation as stipulated in the Bank of Sierra Leone Act of 2011, I am also aware of Government's primary responsibility for macroeconomic policy. Conscious of the fact that, monetary policy as part of macroeconomic policy raises the prospect for good cooperation, coordination and consultation at all levels between the Ministry of Finance and the Bank of Sierra Leone.

To conclude, I acknowledge the contributions of past Governors, staff of blessed memory and retirees whose efforts laid the foundation for our celebration. I recognise the work of the current staff, who carry the mantle for steering the operations of the Bank. I urge you all to be of your best at all times with the assurance that your good work will be appreciated.

God bless the Bank of Sierra Leone

God bless Sierra Leone

I thank you all.

Momodu L. Kargbo
Governor
4th August 2014.