

# SIERRA LEONE PRESENTATION

**Incorporation of MMFS Thematic Areas Relevant  
to Sierra Leone**

# 1. TAXATION

- ❑ in Sierra Leone, the Mobile Financial Service providers are already paying GST
- ❑ However, considering the promotion of financial inclusion and inclusive growth as a major priority, there is need for a review.
- ❑ It is therefore suggested that an analysis of the impact of taxation on mobile money transactions be done

- ❑ If the analysis shows that it increases the cost of operations that is passed on to the customers, we will then recommend a tax break, particularly when MFS is in its formative stage and the market needs to appreciate it.
- ❑ Financial inclusion being a national issue, this recommendation will then included in the National Strategy for Financial inclusion.

## 2. COORDINATION FOR CUSTOMER PROTECTION

- ❑ Consumer protection measures are meant to capture and maintain the trust of customers and ensure their protection against abusive practices.
- ❑ This basically involves actions, transparency, data protection and complaints handling.
- ❑ The Bank of Sierra Leone Guidelines stipulates the following with regards to the above mentioned:

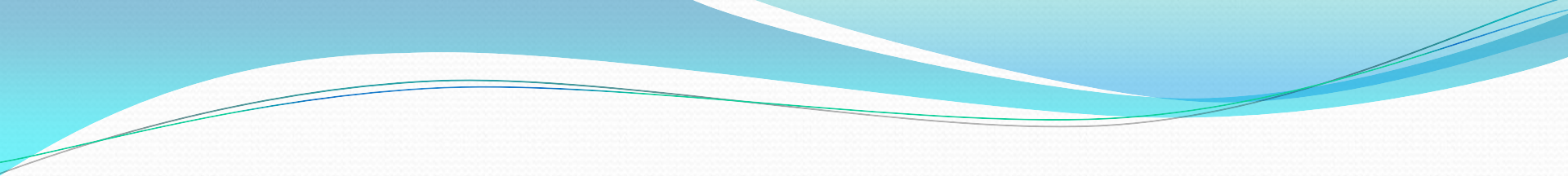
- Transactions: transactions require customer PIN, immediate confirmation of execution of transaction, MFSPs provide balance in the customer's mobile wallet.
- Transparency: agents display conspicuously the identity of MFSP, agents unique identification number, written notices that no charges for fees are levied at the agents location and dedicated telephone line through customers can contact the MMFSP and

- ❑ Statement that the agent does not carry transaction on behalf of customers
- ❑ Data Protection: upholding privacy and confidentiality of customer information and data by both MFSP and the agents.
- ❑ Complaints Handling: MFSP should have an appropriate and efficient complaint handling procedures, agents should be trained by the MFSP on complaints handling and redress, records should be kept for all complaints.

- However, we recommend the following:
  - An MOU be developed between the BSL and NATCOM, clearly stating the roles of each regulator: NATCOM will take care of technical problems faced by telecom and BSL addressing financial issues. This will enhance continuous lines of communication is established between both regulators
- Interoperability is a desirable goal that will further enhance consumer protection, However:

- However, the BSL should work stakeholders to come up with a work plan to achieve interoperability. This should not be imposed on the service providers as the ultimate cost borne by them will be directly transferred to the customers which will consequently inhibit financial inclusion.
- Though the BSL has developed the MMFS Guidelines, there is need for the development of a framework for Consumer protection, which will cover, inter alia, the following:
  - Fairness- treatment of customers



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- Reliability: issues that will assure the customers that the operations are reliable.
  - Complaint Handling: though this is in the BSL guidelines, there is further need for the establishment of the Financial Ombudsman.

# 3. REGULATORY FRAMEWORKS

- ❑ The BSL Guidelines allow both the Bank and the Non bank model.
- ❑ Regarding Capital requirement:
  - Banks doing MFS do not need capital as they already satisfy the minimum capital set by the Central bank. They will therefore be considered doing MFS as a product among many.

- However, with the non bank led model, the Guidelines requires the bank based model for all transactions. Therefore there is the requirement of the trust account that will be ring-fenced. The major concern of the regulators is that the total value of virtual cash in the economy must not be less than the amount in the trust account.
- Therefore , with this mechanism in place, the BSL does not require capital.

## 4. AGENTS & CROSS BORDER ISSUES

- ❑ **AGENTS** : The BSL does not have the capacity to regulate the operations of the agents.
- ❑ However, the BSL guidelines prescribes the following for agents:
  - Should be a registered business with a physical address
  - Have an account in a licensed financial institution

- ❑ The Guidelines require the MFSPs to select their agents. The implication is that the MFSPs will be liable in the event of agent default.
- ❑ However, there is needed for the following to be in place:
  - The MFSPs should train the agents on customer service, customer complaints handling and redress, compliance issues etc.

- ❑ **CROSS BORDER:** the BSL guidelines do not allow international outward remittances but do allow international inward remittances.
- ❑ This means that there is need to address cross border issues.
  - It is therefore recommended that there is need for interoperability (international)
  - The Bank of Sierra Leone should therefore take the lead ( which is already the case) in the provision of the National switch.

## 5. CHECKLIST OF OBSTACLES/ POSSIBLE SOLUTIONS

### Know Your Client

- Standard ID document
- Set out customer tiered KYC
- Harmonisation of regulatory framework between BSL and NATCOM in addition to the MOU.

## □ **Financial Literacy**

- The BSL should expedite the development of the National Financial Literacy Strategy
- this document will clearly show the road map to achieving financial literacy
- It will show the responsibilities and roles of stakeholders in achieving financial literacy.
- It will prescribe the methods of educating the people such as including savings and others in school curricula, Radio and TV Discussions, Print media, road shows , use of flyers etc



## ❑ Fraud

- A Framework should be available to the service provider in recruiting an agent – the service provider shall take the responsibility
- The NATCOM should ensure that the Telecoms put in place mechanisms that will address issues relating to frauds.
- The BSL should closely monitor the trust account held with banks.

## □ Liquidity

- Selection of agents must be thorough done with reference to the requirements in the Guidelines
- MFSPs can lend to high performing agents (guaranteed against expected future commission)
- There is need for the establishment of super agents by the MFs providers.



***THE END***  
***THANK YOU FOR YOUR***  
***ATTENTION***