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# IFC Mobile Money Scoping Country Report: Sierra Leone

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Scoping Mission Dates: June 3 to 8, 2012



In the first half of 2012, IFC undertook a series of six mobile financial services (MFS) market scoping studies across Sub-Saharan Africa to identify two countries in which it will provide broad and deep support to accelerate the uptake of branchless banking services. The countries included in this analysis were Rwanda, South Sudan, Liberia, Sierra Leone, Nigeria, and Cote d'Ivoire. These countries were chosen for the study because MFS were nascent, markets were difficult to reach, or other factors presented unique challenges. The Sierra Leone mission was undertaken from June 3<sup>rd</sup> to 8<sup>th</sup>, 2012.

This deck summarizes the non-confidential findings that were obtained by IFC during the scoping mission. It provides a brief perspective on regulations, financial market, telecom market, and mobile financial service implementations.

# About The MasterCard Foundation Program

IFC and The MasterCard Foundation (MCF) entered into a partnership in January 2012 focused on accelerating the growth and outreach of microfinance and mobile financial services in Sub-Saharan Africa. The partnership aims to leverage IFC's expanding microfinance client network in the region and its emerging expertise in mobile financial services to catalyze innovative and low-cost approaches to expanding financial services to low-income populations.

## The Partnership has three Primary Components

### Microfinance

Through the partnership, IFC will implement a scaling program for microfinance in Africa. The primary purpose of the Program is to accelerate delivery of financial services in sub-Saharan Africa (SSA) through the significant scaling up of between eight and ten of IFC's strongest microfinance partners in the region. Interventions will include product and channel diversification into underserved areas.

### Mobile Financial Service

IFC and The MasterCard Foundation see tremendous opportunity to use agent and mobile banking strategies to accelerate the delivery of financial services to the poor. The partnership will (i) work in two nascent markets to accelerate the uptake of branchless banking services, (ii) work with existing providers to build deployments to scale and improve customer usage rates and (iii) identify factors that lead to robust business models that can be replicated elsewhere to profitably deliver financial services to the poor.

### Knowledge & Learning

The partnership will include a major knowledge sharing component to ensure broad dissemination of results, impacts and lessons learned from both the microfinance and mobile financial services programs. These knowledge products will include topical research, rigorous monitoring of project outputs and outcomes and evaluations that attempt to establish the development impact of the intervention.

# Acronyms

- AML Anti-Money Laundering
- B2P Business-to-Person (transfer)
- BoSL Bank of Sierra Leone
- CDD Customer Due Diligence
- FATF Financial Action Task Force
- FI Financial Institutions
- FIU Financial Intelligence Unit
- G2P Government-to-Person (transfer)
- GDP Gross Domestic Product
- IMF International Monetary Fund
- KYC Know Your Customer
- NATCOM National Telecommunications Commission
- MCW MasterCard Worldwide
- MFI Microfinance Institution
- MFS Mobile Financial Services
- MFSP Mobile Financial Services Provider
- MNO Mobile Network Operator
- P2P Person-to-Person (transfer)
- POS Point of Sale Terminal
- WAMI West Africa Monetary Institute



# Sierra Leone Executive Summary

Overall Mobile Money Readiness	3 (medium on a 2-4 scale where 2 is low and 4 is high)
Current Mobile Money Solutions	2
Population:	5.5 million (July 2012 est)
Mobile Penetration:	Approx 2.73 m unique subscribers, or 50% of adult population
Banked Population:	10% has access to formal financial services
Remittance % of GDP:	Inbound \$48 million, 2.3% of GDP
Percent under poverty line:	70.2% (2004 est.)
Economically Active population:	40% in labor force (2007 est.)
Adult Literacy:	35.1%
Banks with largest branch networks:	Sierra Leone Commercial, Rokel Commercial Bank, Standard Bank
Mobile Network Operators:	Africell, Comium, Airtel
Other comments	Support the regulator in developing mobile money regulations. Organize (regional) knowledge sharing events in SL to raise awareness on the opportunities created by mobile money. Provide institutional support to Splash to help them improve their product and service delivery. Support Airtel in rolling out their newly launched Airtel Money service using best practice models for agent network build out, training and management



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# Macro-Economic Overview

## Key Country Statistics

- Population: 5,485,998 (July 2012 est)
- Age distribution: 41.8% (0-14 years), 54.5% (15-64 years), 3.7% (over 65 years)
- Urban/rural split: 38% urban
- GDP (PPP): 5.158 billion, 164<sup>th</sup> globally
- GDP per capita (PPP): \$900
- Population below poverty line: 70.2%
- Economically active: 2.2 m (40%) in labor force (2007 est)
- Literacy rate: 35.1%
- Banking penetration: 9-10% of population have access to formal financial services<sup>#</sup>
- Mobile phone penetration: Approx 2.73 m unique subscribers, 53% penetration
- Remittance (% of GDP): 2.3%, \$48 million

## Insights

- SL has experienced substantial economic growth since civil war ended in 2002, but poverty and unemployment remain major challenges
- Financial sector development plan launched in 2009 to provide framework for creating a sound, diversified, well-functioning financial system
- Financial system faces major institutional, administrative, legal, and physical challenges
- There's very limited distribution infrastructure - government or private sector owned
- Banking infrastructure is unevenly distributed with some districts having no banks
- Scoping results show high market demand for more efficient financial services indicating growth opportunity for mobile money.
- GDP growth accelerated in 2011 and outlook is positive for 2012/13, mainly driven by mining sector activities and new discoveries.

Sources: CIA Factbook Website July 2012; 6 June 2012 conversation with Bank of Sierra Leone, Financial Sector Development project

# Mobile Financial Services Opportunity

A small and inefficient banking sector due for consolidation and innovation

## 1. Payment system under-developed

- No ATM interoperability; domestic payments dominated by cash; limited use of checks and internet banking; no electronic large-value payment system
- No legal framework for mobile money, but regulator is open to receiving input

## 2. Poor infrastructure, security risks, and high cost of cash

## 3. Being a small market, banks extremely cautious about expanding due to sustainability issues. Mobile financial services presents a good opportunity to explore

## 4. One MNO recently launched MFS and is positioning itself as a switch for banks. One 3<sup>rd</sup> party player has been in the market but struggling to establish its niche





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# Regulatory Bodies

## Roles & Responsibilities

- Charged with establishing and supervising payment systems. Developed a Payment Systems Act in 2009, but it doesn't mention mobile banking/payments
- Mobile Money Guidelines were drafted by the Supervision Department within BoSL
- Banking supervision technical committee presently reviewing the MFS guidelines
- BoSL is faced with capacity challenges and has reached out to stakeholders to be engaged in further developing regulations

- Has been licensing MNO's and 3<sup>rd</sup> parties to provide MFS as a value-added service
- No formal working relationship with the BoSL to develop regulations or jointly manage MNO and 3<sup>rd</sup> party mobile money providers

## Additional Information

- NATCOM and most market players are unaware of the draft MFS guidelines
- BoSL wants Internal committees to review the mobile money guidelines before they go to stakeholders
- BoSL estimates completion of regulations by end of 2012
- Non-bank players currently getting VAS license from NATCOM, but demonstrate their service to the BoSL before being issued with final licence
- NATCOM got involved in MFS as a stopgap measure, while regulations were being drafted, but clearly wishes for BoSL to take ownership going forward
- Capacity at BoSL is limited and there are a number of initiatives on the table, which may deprioritize mobile money

Bank of Sierra Leone  
(BoSL)

National Telecommunications Commission  
(NATCOM)

# Regulatory Framework - Mobile Money Models

## Mobile Financial Services Guidelines

### Current Regulations

- Only permissible model is many-to-many, which could support interoperability
- Banks must lead, MNOs and 3<sup>rd</sup> party providers can only operate with a licensed bank partner
- Although CBSL wants a bank-led model, in practice, 3<sup>rd</sup> party and/or MNOs are actually driving the business

## Retail Agents

- Agents must meet set eligibility criteria, have a tax id, and an account with bank
- Banks are responsible for vetting all agents, and compliance must be verified on an ongoing basis.
- Agents can be non-exclusive

### Implications

- SL guidelines do not align with market as it puts banks in a leadership position, yet banks would prefer MNOs to drive business
  - Banks see opportunity in holding float, managing agent liquidity, and in some cases extending reach
  - Banks waiting to proceed for (1) regulatory clarity, (2) efficient connection to 3<sup>rd</sup> party and/or MNO platforms, and (3) resolution of security concerns
  - Due to guidelines, MFS providers can't move forward as quickly as they would like
  - Many-to-many model could position MFS providers as switches
- 
- Requirement of bank vetting causes delays and conflicts of interest between bank and mobile money interests
  - Agents can only provide the services that are explicitly stated in their service agreement
  - A tax id and bank account can be difficult for prospective agents to get in SL

# Additional Regulatory Considerations

KYC/AML

## Anticipated Regulations

- MFS Guidelines refer to KYC, AML, and Customer Due Diligence (CDD)\*, however requirements are not clear in document
- Bank KYC requires a valid passport and one of the following: (1) driver's license, (2) national ID card, (3) certificate of incorporation, or (4) voters card
- MFS KYC may be more fully defined in a new AML act that is under development

Interoperability

- As mentioned earlier, many-to-many requirement could create a defacto level of interoperability between players that partner with single mobile money provider

## Implications

- There's a national ID in SL but not many people have one, problem most prevalent in rural areas
  - BoSL understands challenges and says new AML Act will include KYC proportionality Also considering alternative forms of ID
  - Biometric voters cards are available to registered voters but not officially accepted as a form of ID at this time
  - There is probably a need for better understanding of different implications of AML and KYC on MFS
- 
- Interoperability is seen as critical for the market considering its small size, absence of established players, and experiences of other West African nations

\* CDD is another name for KYC, not additional set of requirements.

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# Financial Sector Overview

Sierra Leone Financial Inclusion Players	Number
Regulatory Body	1
Apex Organizations	2
Commercial Banks	12
Microfinance Institutions	13
Community Banks	6-7
Credit Bureau	1
Service Providers	NA

## Apex Organizations:

- Sierra Leone Association of Commercial Banks
- Microfinance Investment Technical Assistance Facility
- The central bank is currently upgrading its tracking system for credit information with support from IFC (to be an outsourced function by a private company)
- Installation of ACH, ACC and real time gross settlement is ongoing as part of the FSD Plan managed by the World Bank and funded by African Development Bank as part of a West African Monetary Institute initiative for selected countries in Africa including Sierra Leone



Source: Google images

# Apex Organizations



Sierra Leone  
Association of  
Commercial Banks

- Established in the 1970s, the association is a forum for member banks to work together on a co-operative basis, 13 banks are registered members
- Leading the process of developing a private national switch, taking ownership of a project that was initiated within the CBSL
- Have been working with West African Monetary Institute (WAMI) for the establishment of this system, which has received funding from the IMF. The project has been delayed due to challenges with WAMI.
- SLACB will own 51% of the switch and the remaining 49% will be owned by the technology provider



Microfinance  
Investment Technical  
Assistance Facility

- Objective was to support MFIs through technical assistance and funding. Currently supporting 13 MFIs, which are a mix of NGO and for-profit
- The initiative came to an end in August 2012 due to lack of funding for the second phase
- Biggest challenge facing the MFI industry is the need for more appropriate products. Group lending has also not worked well in SL due to poor cohesion within groups and a poor repayment culture
- Lack of institutional capacity within MFIs is also a major challenge
- The MF industry (and the banking industry) is plagued by high NPLs: average weighted PAR>30 for MFIs is 14% and 15% for banks

## Commercial Banks (subset)

Bank Name Date Established	Owners	Customer Base Customer Target	No. branches No. ATMs & POS	Gross MFI Portfolio
Access Bank* November 2007	Access Bank Plc, Nigeria	10,000 depositors 50,000 in 5 years	4 (3 in Freetown) 4 ATMs, no POS	\$4,849.325
ECOBANK* 2007	Ecobank Transnational Inc (100%)	55,000 customers 100,000 by YE2012	7 (4 in Freetown) 17 ATMs, 30 POS	NA
Sierra Leone Commercial Bank February 1973	Govt of Sierra Leone (100%)	180,000 customers	14 8 ATMs, No POS	NA
First International Bank June 2002**	FIB Group Limited, Banjul FIB Limited Gambia	NA NA	8 (5 in Freetown)	NA
Guaranty Trust Bank** January 2002	Guaranty Trust Bank Plc , Nigeria		7 (4 in Freetown)	\$ 10,600,000
International Commercial Bank**	ICB Financial Group Holdings AG (100%)	NA NA	6 (4 in Freetown) No ATMs or POS	\$12,074,988
Skye Bank NA	Sky Bank Plc (95%) Sierra Leoneans (5%)	NA NA	NA NA	\$ 3,100,000
Standard Chartered Bank 1894	SCB Holdings (81%) Publicly owned (18%) Directors (1%)	8,000 NA	3 (2 in Freetown) No ATMs or POS	NA
Union Trust Bank** 1995	Sierra Leoneans (100%)	NA NA	12 (6 in Freetown) NA	\$ 29,000,000
United Bank of Africa** July 2008	United Bank of Africa Group, Nigeria	NA NA	5 (All in Freetown) NA	

Sources: \*\* Banks websites, \* Bank interviews during IFC Scoping Mission, June 2012



# Microfinance Institutions (part 1)

MFI Name Date Establish	Owners/Funders	Customer Base Active Borrowers	Gross MFI Portfolio
ARD 2008	UNCDF(start-up grant) CORDAID , KIVA,	NA 12,666	1,210,411
BRAC - SLE 2011	BRAC International KIVA	NA 21,308	2,723,964
CEDA Sierra Leone 2007	UNCDF	NA 1,640	143,690
Finance Salone 2007	Union Trust Bank Africap	NA 15,347	1,650,000
GGEM Microfinance Services Ltd. 2011	UNCDF (start-up grant) CORDAID	NA 3,770	489,196
HELP 2010	NA NA	NA 1,734	140,516
Hope Micro 2009	CORDAID World Hope International	NA 20,760	1,338,951
LAPO - SLE 2009	LAPO Nigeria	NA 11,322	869,359
MMCB 2007	UNCDF (start-up grant) Community-owned	NA 1,754	384,992

Source: Mixmarket.org and interviews with Microfinance Investment Technical Assistance Facility (MITAF)

## Microfinance Institutions (part 2)

MFI Name Date Establish	Owners/Funders	Customer Base Active Borrowers	Gross MFI Portfolio
Ecobank Microfinance Sierra Leone (formerly Procredit) 2008	Ecobank	NA 2,187	3,760,000
SMT 2011	CORDAID Microvest	NA 7,877	1,076,691
YCB 2007	UNCDF (start-up grant) Community-owned	NA 1,154	59,919

Source: Mixmarket.org and interviews with Microfinance Investment Technical Assistance Facility (MITAF)

# Payment Systems Overview


- Retail Payment System Infrastructure

- ✓ Under the oversight of the Banker's Association, SL's commercial banks are seeking to establish a privately owned national switch; initiative has experienced delays in obtaining necessary approvals from BoSL
- ✓ The Bankers Association is considering interconnecting the switch with mobile financial services through a partnership with 3<sup>rd</sup> Party service provider
- ✓ There are fewer than 50 ATMs in the country, Ecobank has the largest network with 17 current installations and an expectation of adding 11 more
- ✓ Also less than 50 POS terminals in the country, 30 of which are deployed by Ecobank. Most POS terminals are located in high-end establishments, usage is low even here
- ✓ There is a limited number of debit cards and virtually no credit cards in the market, but Access Bank and Ecobank are looking into launching VISA branded cards
- ✓ Cash is the most prevalent form of retail payments

- Credit Bureau

- ✓ A basic version of this was recently established by the Central Bank, IFC is involved helping them upgrade and privatize this function

# Financial Sector Development Plan (2009)

PRIORITY AREAS	PROPOSAL	ACTIVITY
<ul style="list-style-type: none"><li>• Build a strong, competitive and effectively functioning commercial banking system</li><li>• Increase access to finance</li><li>• Improve the mobilization and investment of long-term funds</li><li>• Establish a permissive and enabling environment</li></ul> 	<ul style="list-style-type: none"><li>• Modernize the CBSL's banking supervision</li><li>• Broaden outreach, strengthen microfinance and rural credit governance and supervision, and address needs of the community banks</li><li>• Strengthen savings institutions and capital markets</li><li>• Adopt international best practice, through legislative and regulatory reforms</li><li>• Build stability and capacity of financial systems</li></ul>	<ul style="list-style-type: none"><li>• Install a new payment systems architecture with assistance from the AfDB and West African Economic and Monetary Union (WAEMU)</li><li>• Establish a dedicated unit to govern all FI levels</li><li>• Restructure and modernize Sierra Leone National Pension Scheme and legislate for new private pension schemes</li><li>• Implement regulatory reforms including those for mobile financial services</li></ul>

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# Mobile Network Overview

## Mobile Profile

Mobile Operators	4 GSMA & 1 CDMA
Mobile Coverage	Over 82%
Mobile Subscribers	<ul style="list-style-type: none"><li>• 3.025 million SIMS, 10% overlap</li><li>• Approx 2.72 m unique customers</li><li>• 49% of total population</li><li>• 50% of adult population</li></ul>

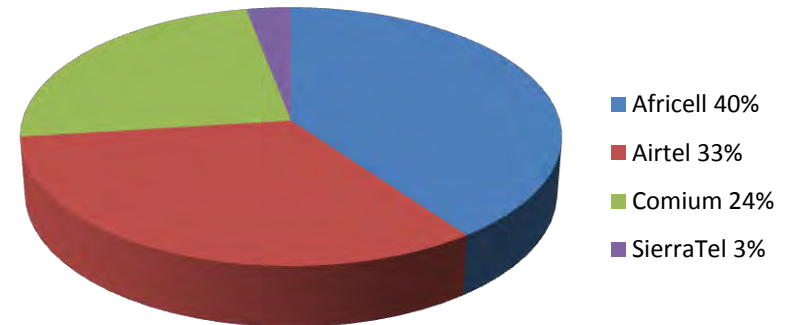
## Mobile Players



*We're better together.*



## Mobile Market Share % Share



# Mobile Network Operators



**Bharti Airtel**

- Part of Bharti Airtel Limited
- IFC investee
- Operates in 16 African markets, all in Sub-Saharan Africa
- Mobile money launched in 8 of the 16 markets

- 1.1 M unique SIMs
- Covers 80% of the country
- 33% of market share
- Airtel's popularity is perceived to be growing
- In partnership with Splash for air-time recharge

- First MNO to launch mobile money in SL as of June 2012
- Offering top-up, money transfer, bill payments, and access to GT Bank, Zenith Bank and Ecobank accounts
- Second phase of service will involve the use of merchants for retail purchases



*We're better together.*

**Comium**

- Launched Sierra Leone in 2005
- Israeli company
- Deployments in Israel, Cote de Ivoire, Sierra Leone, and Gambia

- 34% market share
- 81% geographic coverage
- In partnership with Splash as a channel provider for a host of services

- Priority is growing customer base, MFS will come next
- Customer demand could change Comium's position

NOTE: Data not available for Africell and SierraTel because they were not available to meet the scoping team

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# Distribution Channel Overview

- Infrastructure across Sierra Leone is limited, no large-scale distribution partners were identified
- There do not seem to be any companies that are moving goods and money back and forth from urban to rural areas. Most traders make their own arrangements to purchase and move goods to their business locations.
- Sierra Leone is a hilly country with an underdeveloped road network. Coupled with the effects of long rainy seasons this can make roads impassable, thus cost of moving goods or cash is very high
- The national postal service is non-functional. Years of war led to its collapse. The government has plans to revive it, but it remains largely defunct
- The MFI sector is also not well established. MITAF indicated that a few MFIs are closing down due to institutional/capacity challenges as well as poor payment culture which has rendered them unsustainable
- Airtel and Splash attest to the fact that agent identification and network build-out is difficult due to the small pool of traders available to choose from coupled with high level of capacity building required to bring them up to speed with the service.

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# Splash

*Splash has been in the market for over 3 years, but is experiencing mixed results*

- Splash launched in 2009 and was the only provider until June 2012. Their service runs over the networks of all 3 GSM providers in the market - Comium, Airtel and Africell
- NATCOM licensed Splash to operate, bank partners separately approved by BoSL
- Currently services inc P2P, corporate payroll, loan disbursements/repayments, remote bill pay, and remittances
- Will spend about \$8M in total to scale SL ops and expand to additional markets i.e. Gambia, Ghana, and Liberia
- Using MoreMagic, an STK based platform, which Splash plans to link to banks to move funds between bank accounts and wallets. In discussions with GT Bank, UBA, Sierra Leone Commercial Bank and Ecobank. Ecobank, which uses USSD, raised concerns about their STK platform.
- Currently 150 agents, which is 3x SL's ATM footprint, plans to double and network by YE2012. Agents face serious liquidity challenges coupled with power outages which compromise equipment functionality.
- Biggest challenge in growing business has been marketing and user education. As a result, shifting focus to corporate clients (B2B) and more sophisticated services
- Approached National Power Authority (NPA) to provide pre-paid recharge vouchers and bill payment services. Users have requested service due to current difficulties with paying bills but NPA management has not yet decided to allow Splash to provide this service



# Airtel

## *Bharti Airtel is the first MNO to launch mobile money in the Sierra Leone market*

- Launched service on 21 June 2012, STK based due to the low literacy levels in the country
- Plan to build a network of 1,000 agents and 200,000 customers by the end of 2012
- Services include airtime top-up, bill payments, and P2P transfers. GT Bank, Zenith Bank and Ecobank customers can link their bank accounts to Airtel mobile money
- Escrow account and MM license is through Zenith Bank. Going forward, Airtel wants to partner with three more banks setting them up as super agents and leveraging their branch and ATM networks
- Other partner banks are licensed by the CB and simply furnish copies of their approval license to Airtel
- Biggest challenge expected to be product acceptance, particularly given strong cash culture. Some communities actually denounce banking, which impacts big traders Airtel could target as agents
- Poor road infrastructure, limited bank networks, illiteracy, and cost/availability of electricity are the other expected challenges
- Initial market scoping revealed that P2P transfers were the most prominent opportunity as existing services, such as Moneygram, are deemed too expensive
- View Splash as mobile money competitor and as a result, Splash is currently unable to sell Airtel's airtime
- Currently do not foresee any regulatory challenges, and are engaged in a continuous dialogue with the regulator to ensure future compliance and minimize business risks



# Airtel Money Brochure

- Other Revenue Earning Activities
1. KYC Registration – Le 500 per fully registered form
  2. Sim Swap – Le 500 per every Sim Swap

## Return On Investment For Airtel Money

Profit and Loss Statement		Transactions / Day	Transactions / Week	Transactions / Month	Daily Revenue	Daily Revenue	Monthly Revenue	Annual Revenue
					Le	Le	Le	Le
<b>Sales/Revenue</b>								
Cash In commission	@ 1,500	10	71	280	15,000	105,000	420,000	5,040,000
Cash Out commission	@ 1,500	15	105	420	22,500	157,000	630,000	7,560,000
KYC	@ 500	5	35	140	2,500	17,500	70,000	840,000
Sim Swap	@ 500	5	35	140	2,500	17,500	70,000	840,000
<b>Total Revenue</b>					<b>42,500</b>	<b>297,500</b>	<b>1,190,000</b>	<b>14,280,000</b>

### Role – Airtel Money Agent

1. Acquire customers to become Airtel Money customer
2. Check any suspicious or fraudulent activity / person
3. Promotion of the product among its customers
4. Process compliance
  - Collect prescribed documents
  - Educate existing & new customers
  - Create the M-wallet of the customers
  - Deposit cash in the Airtel money A/c of the customers.
  - Check the genuineness of the currency

### Benefits to Agents

- New business model
- Additional revenue stream
- Cross selling opportunities
- One stop shop for the customer
- An increase in customer reach & addressable market

### Registration Requirements for Airtel Money Agency

- Duty filled out "Airtel Money Agent Application Form" (provided by Airtel Sierra Leone).
  - Certified copy of Business Name Registration Certificate.
  - Certified copy of owner(s) national identification card / passport.
  - Certified copy of NRA Certificate (if applicable).
  - Passport photo of the business owner(s).
- Start-up minimum capital requirement of Le 2,000,000 (two million Leones) for each outlet.\*
- Valid Trading License



The brochure features the Airtel Money logo at the top left, with the tagline "Moni na yu fon". To the right, the text "Agent Guide" is written in a large, bold font, followed by "Simple. Secure. Instant". The background is a blurred image of a woman in a shop looking at her smartphone, with several 10,000 Leones banknotes floating around her. At the bottom, there are logos for Ecobank, Citibank, and Zenith. A small vertical text on the right edge reads "Visit your local airtel outlet now and register for airtel Money FREE".

Source: Meeting with Airtel - scoping mission, June 5, 2012

## Other Mobile Operators: Comium



- Comium is working with Splash by providing their communication channel and allowing Splash to sell Comium airtime recharge vouchers
- Do not see themselves playing in this space, but this could change if demand for the service increases in the market
- Presently, focus is on building their customer base especially in densely populated areas of the country

# Ecobank (in partnership with Airtel)

*A successful Ecobank/Airtel partnership may define future deployments in Sierra Leone*

- Ecobank believes mobile money will drive their financial inclusion strategy, and sees it as an opportunity to expand their presence and customer base without building branches countrywide
- Considered a Splash partnership, but took a step back due to high security requirements on the bank's side
- When group level partnership was established between Airtel and Ecobank, Ecobank SL partnered with Airtel and launched a mobile banking service in June 2012
- Service will be deployed in three phases: (1) bank centric services, such as balance inquiry, (2) bank-to-bank transactions, and (3 ) international transfers
- Ecobank will leverage Airtel agents initially, but also have the option of recruiting their own
- KYC is the biggest challenge to uptake, as most of the population lacks a valid form of identification, proof of residence, or an official reference. Would like the BoSL to accept biometric cards as ID and bills as proof of residence
- Have not carried out any market study, assuming that the SL market will be very similar to other West African markets. Depending on lessons from their other regional deployments
- Assumptions are based on leveraging Airtel for marketing, branding, and customer awareness, therefore accepting lower control over the process

# Other Financial Institutions



- Access has a bias for corporate clients, but also provide loans against salaries as part of their retail portfolio
- Growth plans include agency banking, or partnering with Splash or the Post office. Focus would be in rural areas
- Prior plans for mobile banking dropped due to high implementation costs



- Currently not in MFS space in SL, but the service is available in other markets and the SL bank may get involved in the next 18-24 months.
- Open to partnerships with either Splash or an MNO
- For them, the ultimate benefit of playing in this space is the opportunity to raise deposits and extend their reach through MNO agents
- SC has 3 branches and 8,000 customers, 400 of which are corporate and the rest high end retail.



Sierra Leone  
Commercial Bank

- View mobile money as an opportunity to increase deposits, market size and bottom line.
- Began working with Splash to launch a simple money transfer service, but experienced a technical problem when integrating their systems.
- Keen to run a mobile money service, but have not yet established partnerships



# Apex Organizations



Sierra Leone  
Association of  
Commercial Banks

- In discussions with Splash to integrate mobile money capability into the national payments switch that SLACB is leading
- The decision to go with Splash based on the fact that they're small, specialized, local, and already have a good relationship with SLACB



Microfinance  
Investment Technical  
Assistance Facility  
(MITAF)

- Mobile money is not an immediate opportunity for the MFI sector as most MFIs lack basic MIS systems and branch connectivity, those with MIS systems use Loan Performer
- Splash had approached the MFIs to discuss partnership, but cost was an issue.
- An exception is Hope, an MFI that used Splash for loan disbursement and was happy with the outcome

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# Risks

- Sierra Leone experienced 11 years of civil war which devastated the socio-economic structure and led to a shortage of skilled labor, structured institutions, and wealth distribution. This situation could compromise the ability of the market to exploit the mobile money opportunity
- The BoSL has a capacity challenge coupled with very ambitious plans to introduce regulation, supervision, and infrastructure. Mobile money is not likely to be the highest priority.
  - ✓ These goals are likely more than the bank can handle with current resources
  - ✓ While interested in MFS, there is limited capacity to adequately address the issues
- Energy distribution and infrastructure is limited and costs are very high. Only 200,000 businesses and households have electricity, 95% of which are in 5 cities
- There is lack of clarity as to who is the primary regulator of mobile money service providers. Banks are licensed by the BoSL while MNOs and 3<sup>rd</sup> party providers by the NATCOM. This could compromise dispute resolution, service, and market standards

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- Appendix: Interviews Conducted

# Interviews Conducted

	Designation
Splash Cash	Managing Director Systems Manager
Access Bank	Managing Director
ECOBANK	Head cards, E-Product &TB Head, Domestic Bank
Manocap	Partner
Sierra Leone Association of Commercial Banks	Executive Secretary/COO
Bharti Airtel	Head of MCommerce
Comium	
NATCOM	Director - Consumer, Industry & Public affairs Director of Engineering Senior Internal Auditor
(Central) Bank of Sierra Leone	Head, Financial Sector Development Project
Sierra Leone Commercial Bank	Deputy managing Director
Micro-Finance Investment technical Assistance Facility - MITAF	Representative
Standard Chartered Bank	Managing Director