

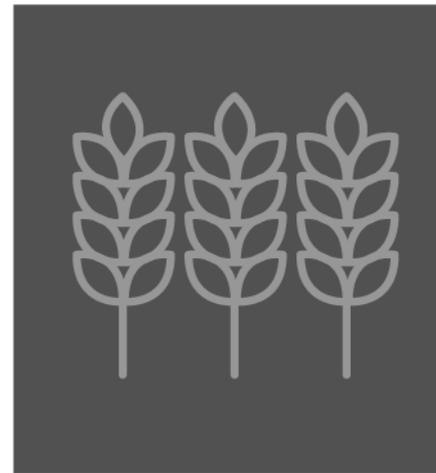
# SIERRA LEONE G2P PROJECT

DISCUSSION: RESULTS OF  
THE GOVERNMENT EMPLOYEE  
FINANCIAL LIVES SURVEY

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12th Floor Conference Room  
Bank of Sierra Leone  
Thursday March 22nd 2018 at 10 am to 12 noon  
Please **RSVP** to [fkamara@bsl.gov.sl](mailto:fkamara@bsl.gov.sl)





# Sierra Leone G2P Financial Lives Survey Findings

March 2018

# Sierra Leone G2P Financial Lives Survey

## Objectives

To understand how Sierra Leoneans engage with financial products and services by analyzing the financial lives of government employees based on:

- ✓ Understanding of how government employees utilize salaries transferred into their bank accounts
- ✓ Analysis of different aspects of financial behaviour of government employees
- ✓ Understanding their financial needs and aspirations
- ✓ Understanding their awareness of and access to digital financial services and avenues to use them
- ✓ Understanding of the perspectives of government employees about financial system and cashless transactions

## Scope

### Sector

DFS\* and its use cases for Sierra Leoneans

### Target Population

Government employees who receive their salaries directly in their bank accounts

### Geography

Pan- Sierra Leone, with a focus on rural and peri-urban areas

## Components

- ✓ Secondary research
- ✓ Sampling
- ✓ Survey design and implementation
- ✓ Data capture and analysis
- ✓ Development of use cases
- ✓ Synthesis and report development

Completed

In process

\*Definition of DFS - The broad range of financial services accessed and delivered through digital channels, including payments, credit, savings, remittances and insurance. The digital financial services (DFS) concept includes mobile financial services (MFS) ([afi-global.org](http://afi-global.org))

# Phase 1: Survey Analysis

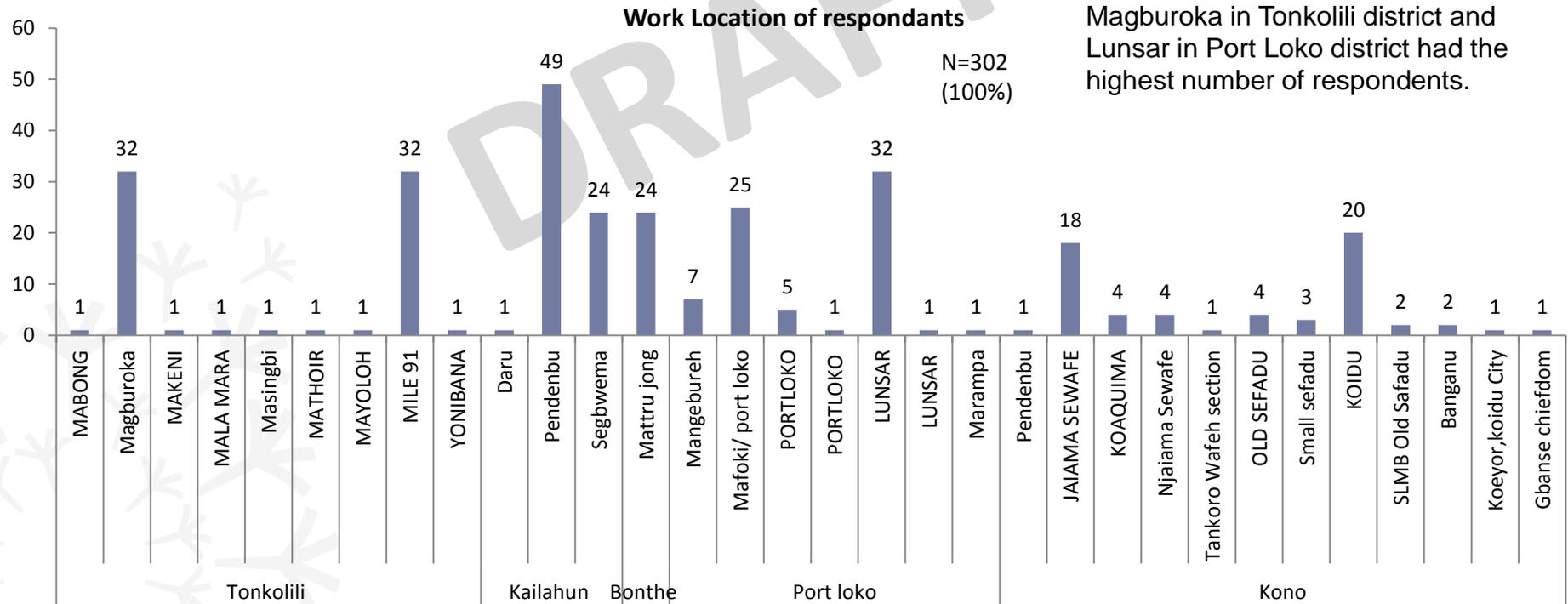
# Sample Description

# Description

Region	District	Branches	No of respondents surveyed
Eastern	Kailahun	Daru, Pendembu, Segbwema	74
Southern	Bonthe	Mattru	24
Northern	Tonkolili	Mile 91	71
Eastern	Kono	Nimikoro, Nimiyama, Koidu	60
Northern	Port Loko	Madina, Marampa, Port Loko	72
<b>TOTAL</b>			<b>302</b>

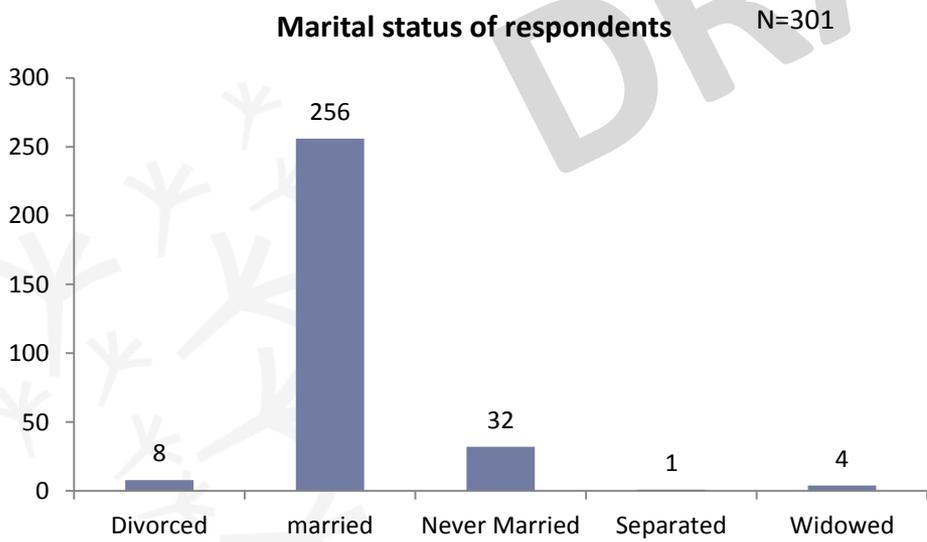
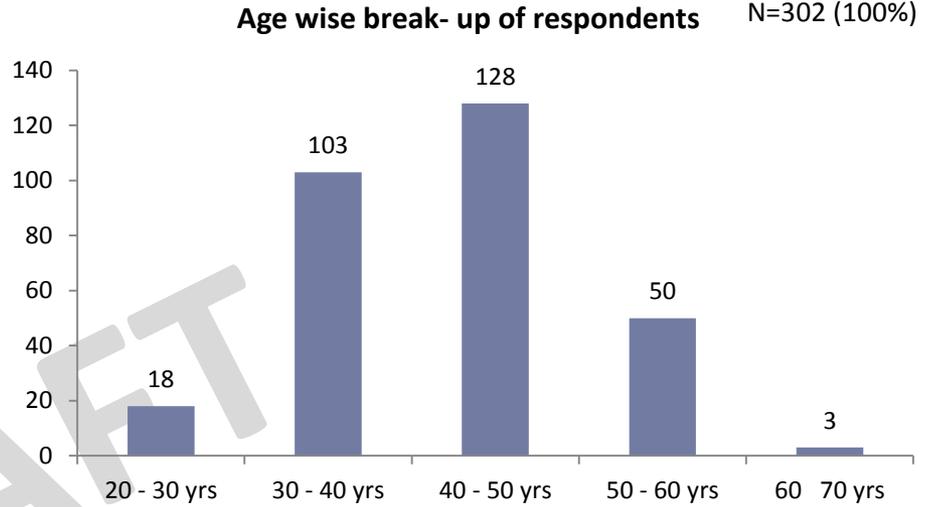
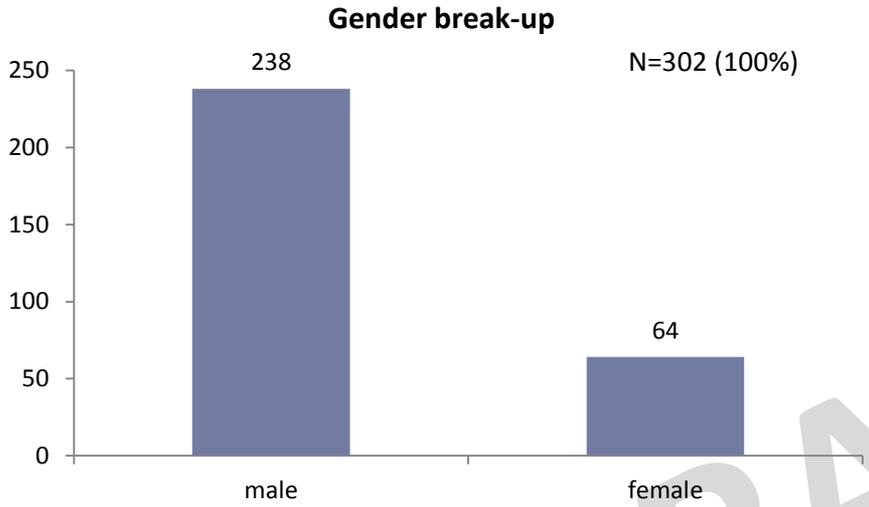
*The total population of Sierra Leone is 7,557,000. Of this, male population is 3,743,000 and female population is 3,815,000. About 59% of the population resides in rural areas. Adult population (15 years+) accounts for 57% of the total population.*

- We have surveyed and analyzed 302 respondents from Kailahun, Tonkolili and Bonthe, Kono and Port Loko districts.
- Pendembu in Kailahun district, Magburoka in Tonkolili district and Lunsar in Port Loko district had the highest number of respondents.



Source: Intellectap Analysis

# Description – Age, gender & marital status



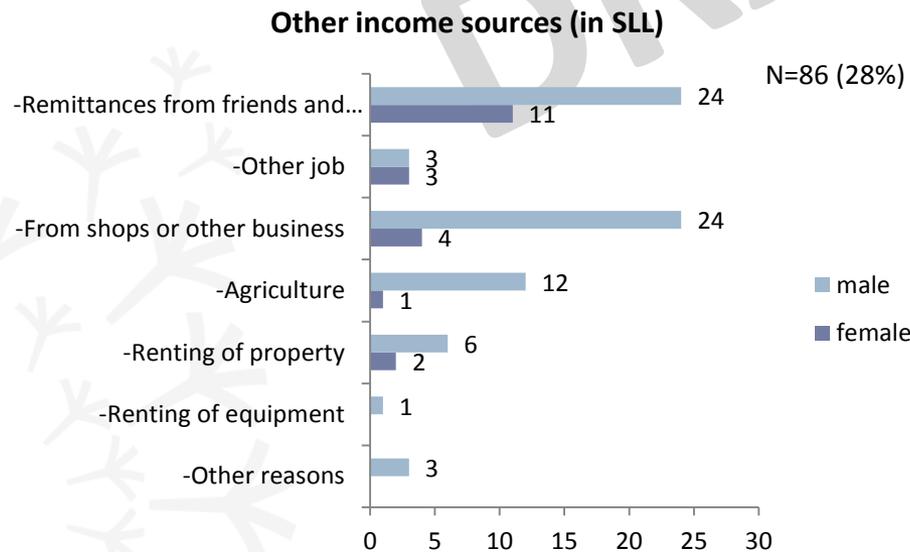
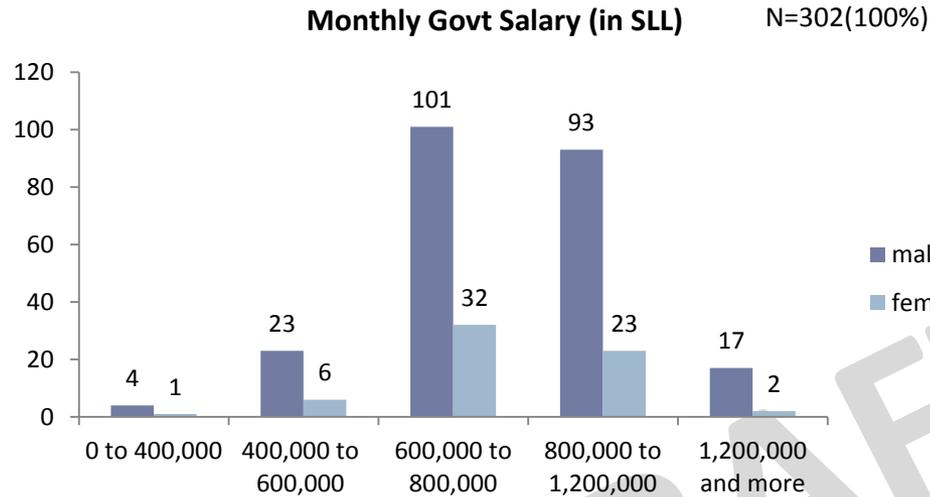
*Working population constitutes nearly 56% of the total population, and the gender ratio in the country is 96.8 males to 100 females. Overall, the population reflects the demographic profile of a young country; almost 41% of the population is less than 15 years of age, while only 3.5% is above 65 years.*

- Most respondents were male and in the age group of 30-50 years.
- The field team shared that there were fewer female government employees overall, as reflected by women participation in this survey.
- Around 85% of the respondents were married.

Source: Intelicap Analysis

# Description – Income

Since 2015, the minimum wage in Sierra Leone is US\$ 65 (SLL 500,000) per month or US\$ 780 (SLL 6,000,000) annually. The country ranks 120 out of 197 countries in terms of minimum wage level.



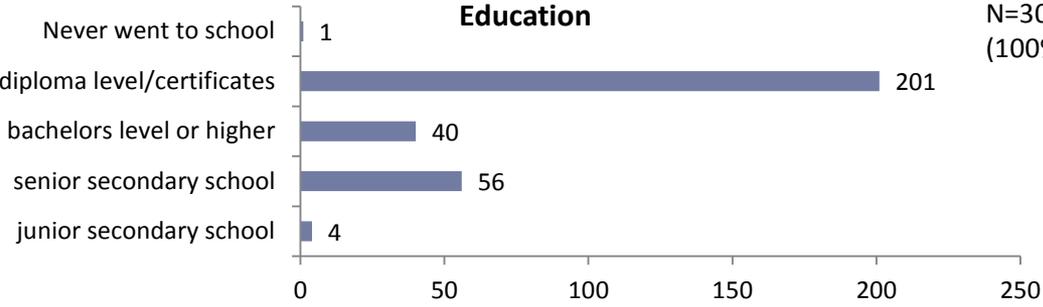
- 82% of respondents earn between SLL 600,000 to SLL 1,200,000. 11% earn below SLL 600,000.
- Around 28% of the respondents shared information about other sources of income.
- Of this set, most received additional income through remittances, while others mainly earned additional income through shops and other businesses and agriculture.
- Women form 21% of the sample. They are underrepresented in higher income brackets.
- Women who earn between SLL 600,000 to SLL 1,200,000 account for 18% of the total population where men account for 64% in the same category.
- Around 28% of the respondents shared information about other sources of income. Women who earn other sources of income account for 7% of the total population.
- Of this set, similar to men, most of women received additional income through remittances.

# Description – Education, years in service & income

### Education

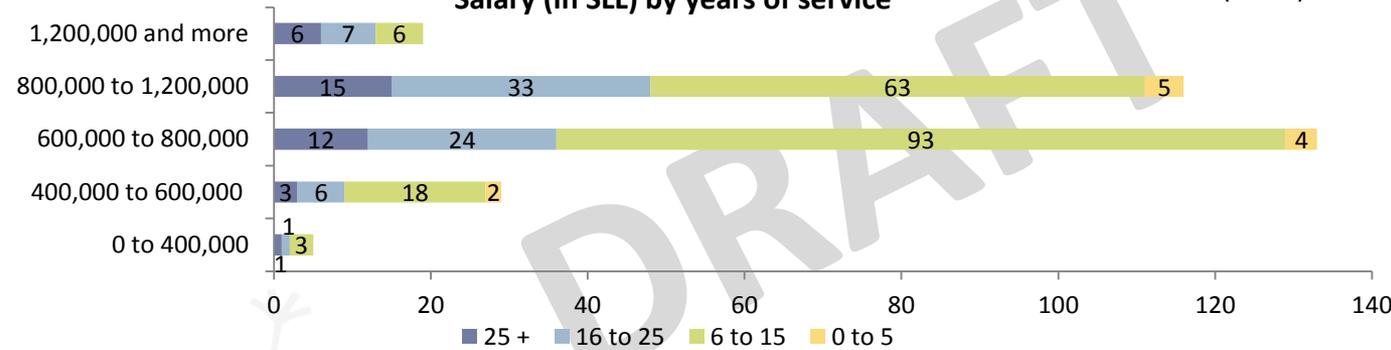
N=302  
(100%)

*The average literacy rate in Sierra Leone is 51%. It is around 59% for males, and almost 44% for females. Around 45% people are proficient in English language.*



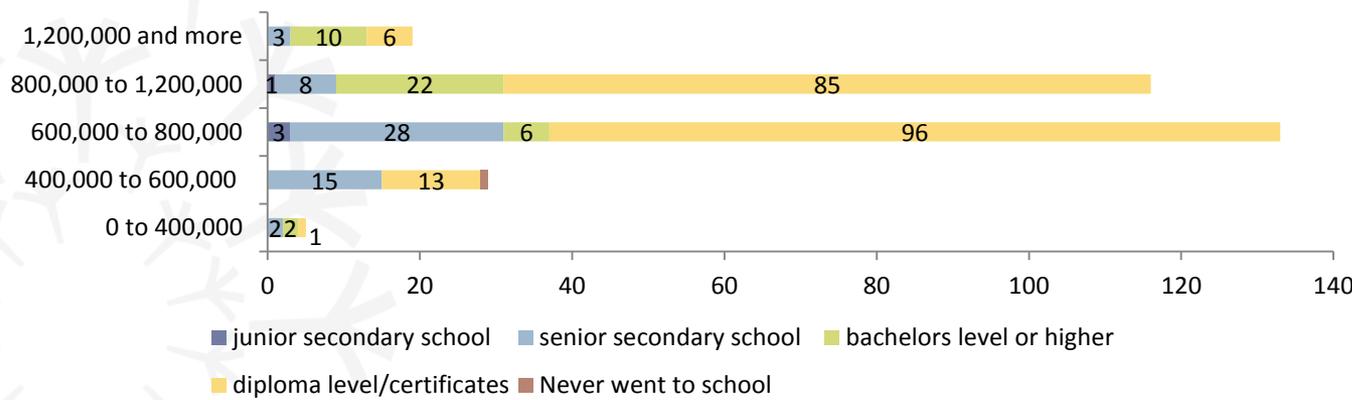
### Salary (in SLL) by years of service

N=302 (100%)



### Salary (in SLL) by education

N=302 (100%)

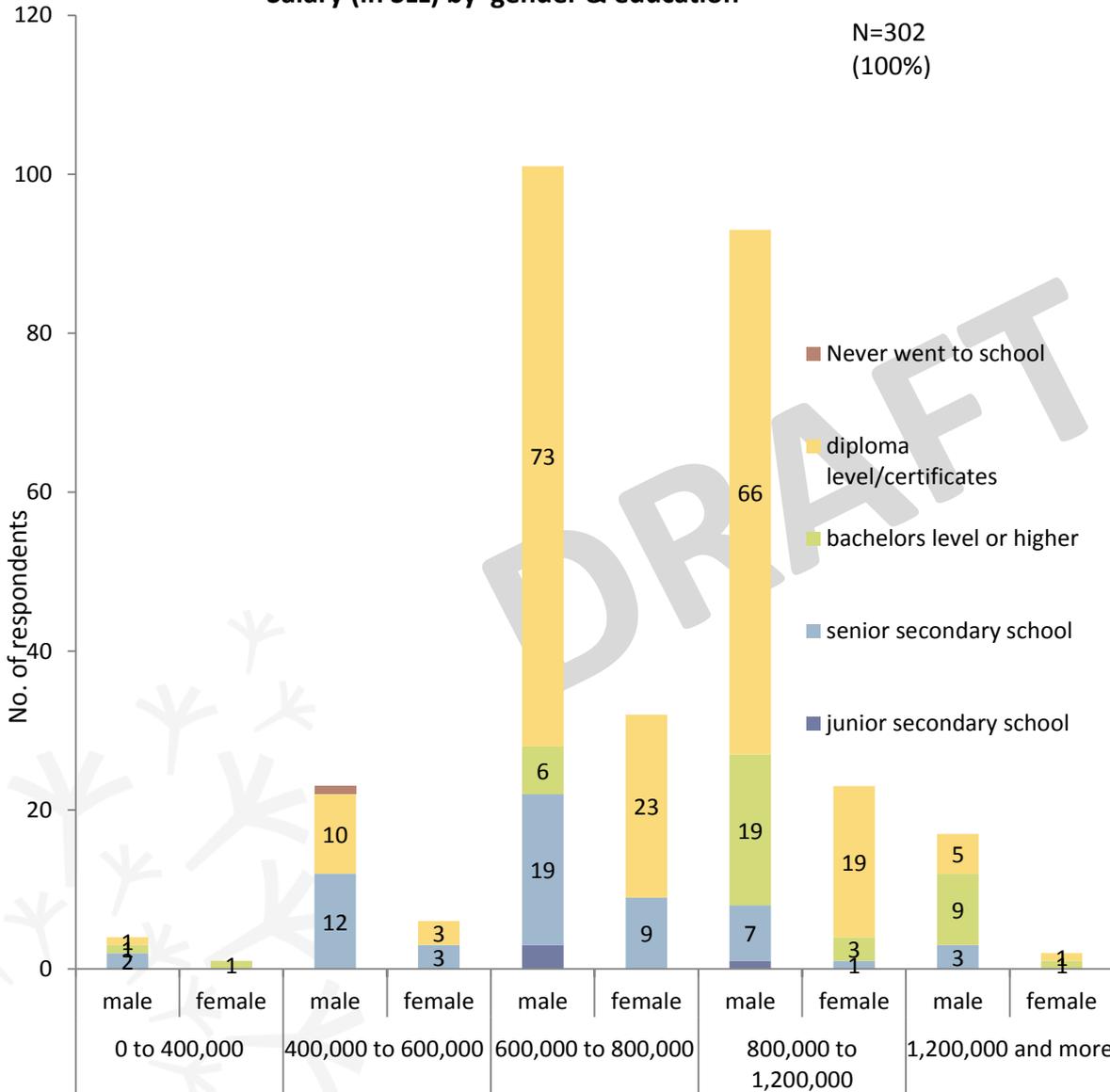


- Most respondents held diploma level certificates followed by senior secondary and junior secondary school levels.
- A very small number were educated below this level
- Most respondents have over 5 years of experience. Over 60% of the respondents have spent between 6 and 15 years in service. Less than 4% respondents had less than 5 years of experience.
- Nearly 62% of the respondents earning a salary over SLL 600,000 have diploma level certificates, with about 13% being qualified at the bachelors level or higher.

Source: Intelicap Analysis

# Description – Gender lens

Salary (in SLL) by gender & education

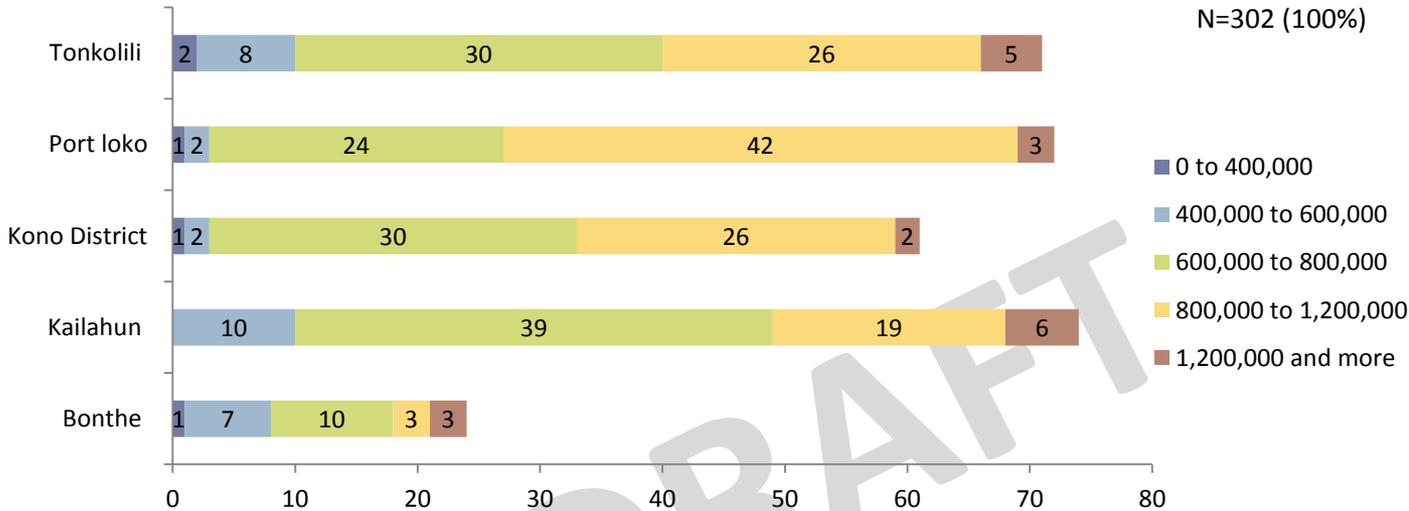


- Female participation in the survey was low.
- Among the 64 (21% of sample) of women respondents, only 40% earned a salary higher than SLL 800,000.
- 72% of the women have diploma level/certificates.

*Our field team shared that there were more female government employees in schools, since most of them were teachers. The supervisors had already informed the teachers about the survey, and hence, female teachers were as receptive to answering the questions as their male counterparts. However, there were fewer female government employees overall.*

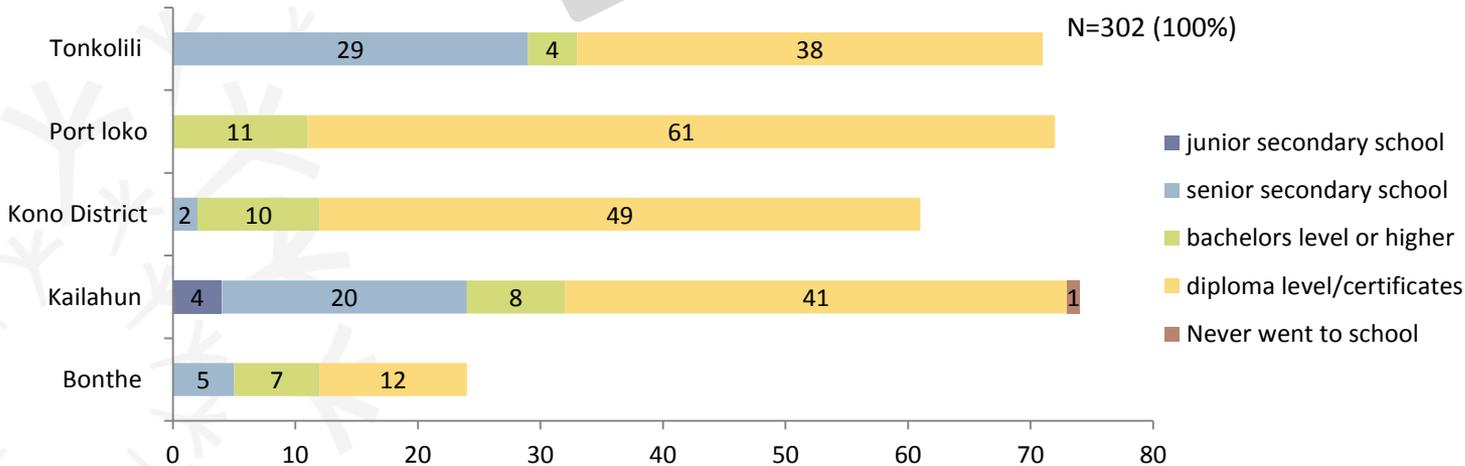
# Description – Income, education & location

Salary (SLL) by district



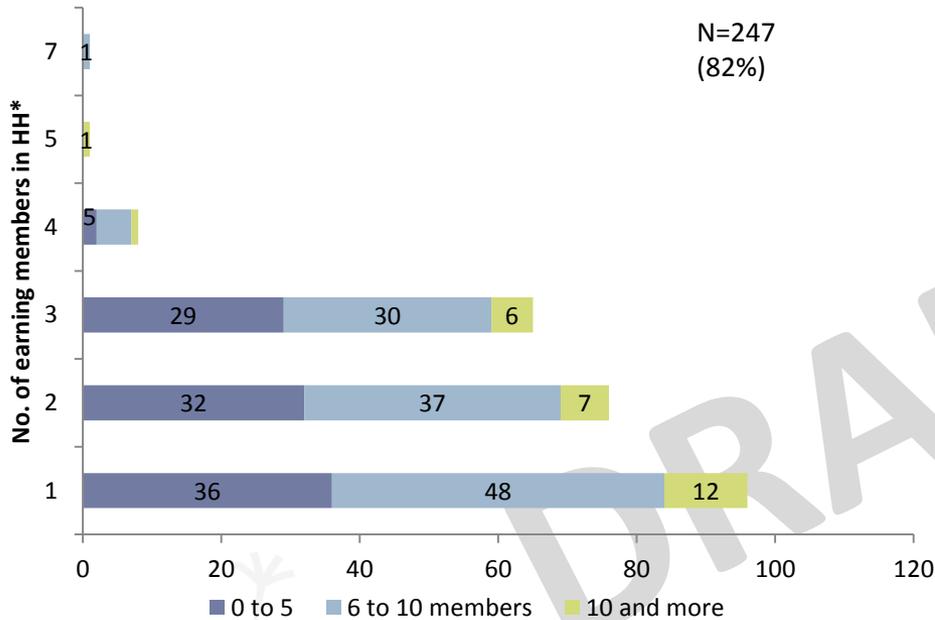
- Kono, Port Loko, Tonkolili have respondents in higher income groups.
- Respondents from Port Loko and Kono are also better educated with diploma /certificates and bachelors level or higher qualifications.

Education by district

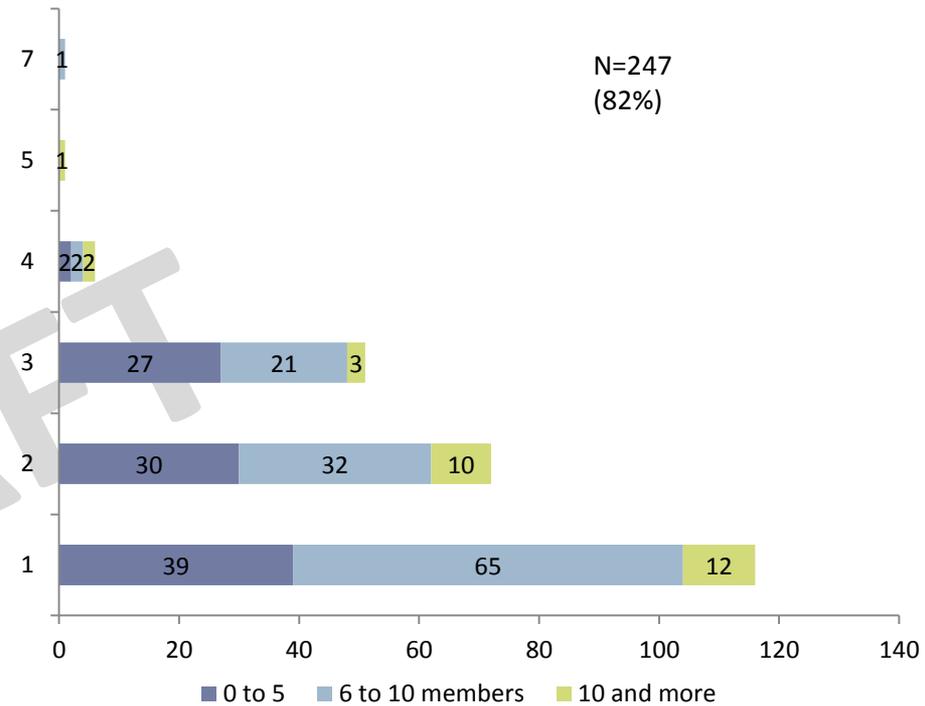


# Description – Household size and income

HH size by no of earning members\*



HH size by HH members with bank account\*\*



\* In single earning member-households, respondent is the sole earning member

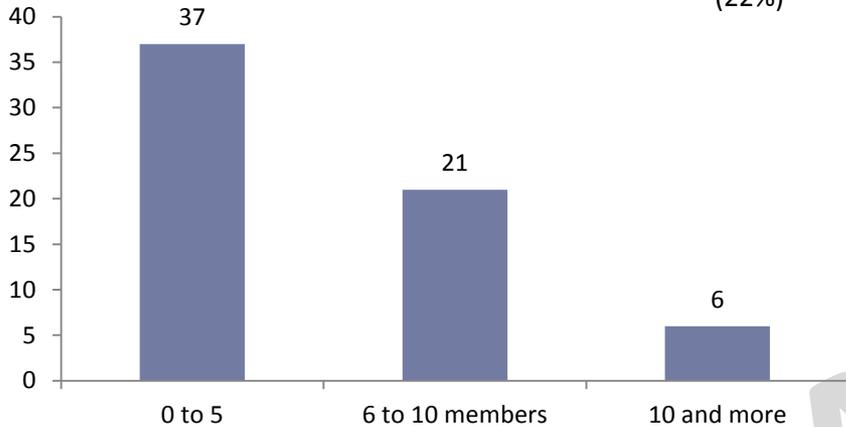
\*\* In single bank account-households, respondent is the sole member with bank account

*The average household size in Sierra Leone is 5.6.*

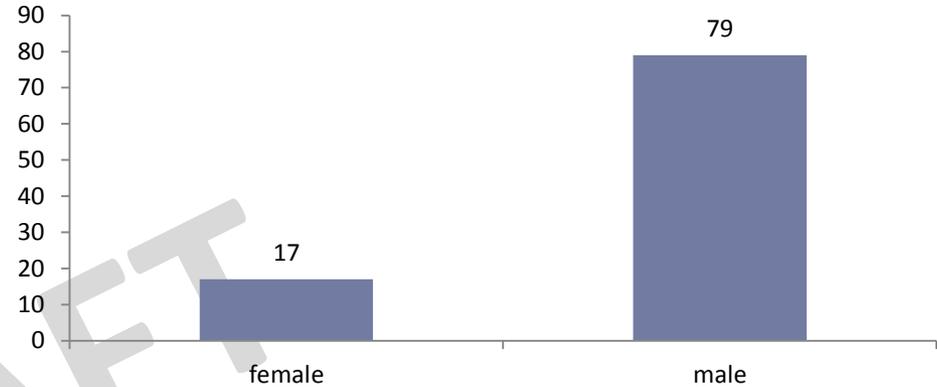
- About 47% of the respondents were from households with 6-10 members followed by 42% from households with 0-5 members.
- 116 respondents (47% of 247) reported that none of their family members (except respondent) had bank accounts, of which 66% respondents have family size of over 5 members.
- 96 respondents' families (39% of 247) had a single earning member (the respondent). Around 30% of the respondents' families had one more earning family member and bank account.

# Description – Household size and income

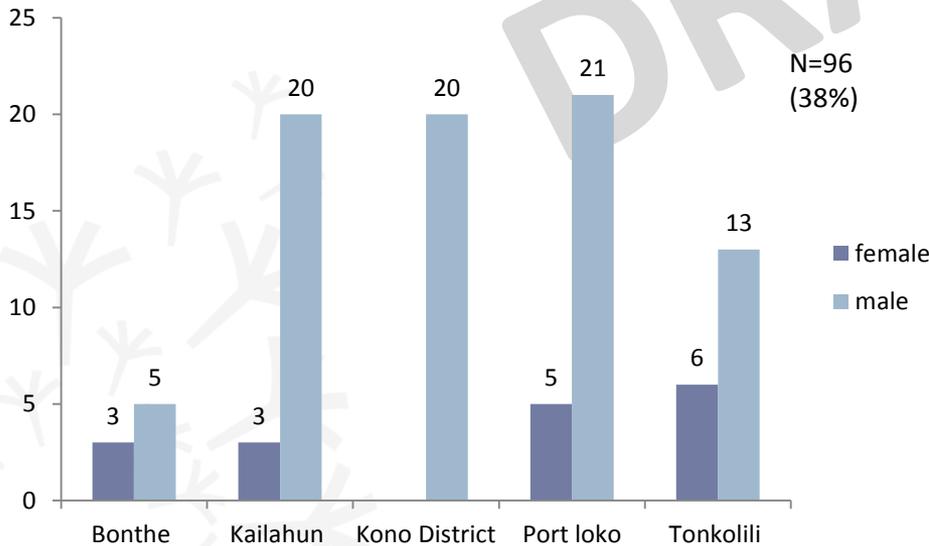
**HH size of women respondents** N=64 (22%)



**Single earning member families by gender of respondent** N=96 (38%)



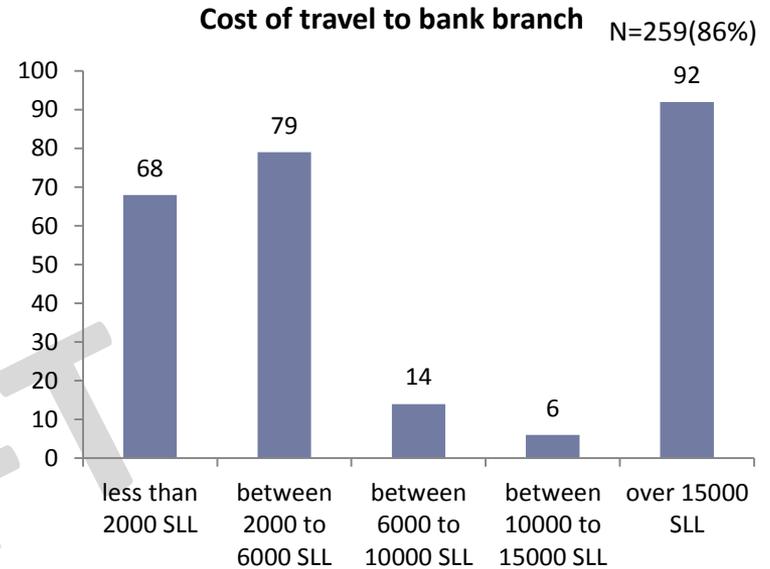
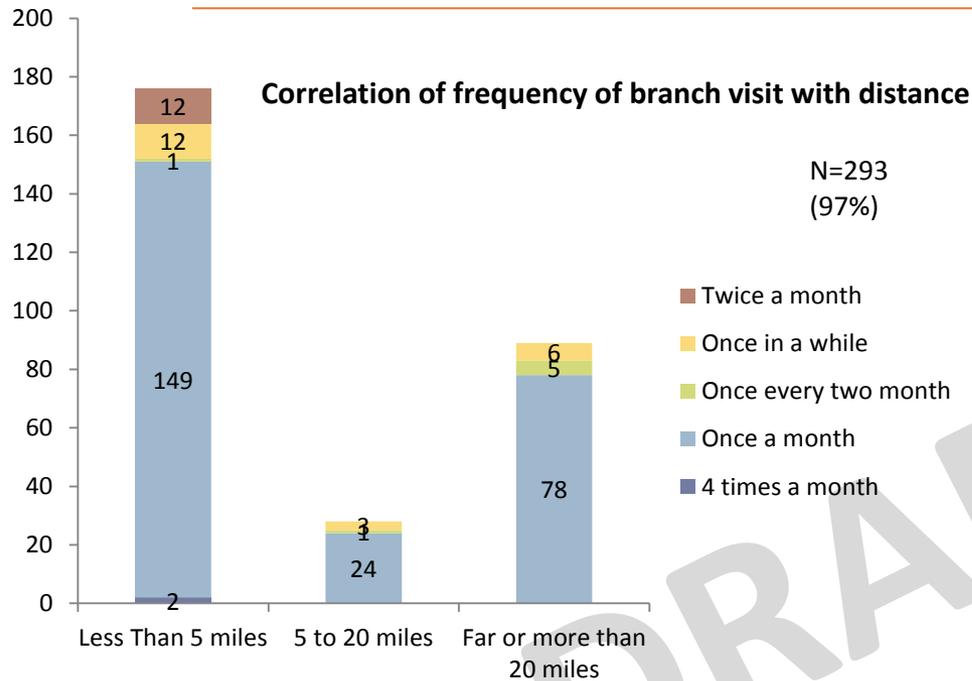
**Single earning member families by gender and district** N=96 (38%)



- 50% of single earning member families have 6 to 10 members while 27% have 0 to 5 members
- Port Loko and Kailahun had the most single earning member households.
- About 58% of women respondents were from households with 0-5 members vis-à-vis 42% for the overall sample. This means that most women respondents belong to smaller household sizes. 32% of women belong to households with 6 to 10 members.
- About 27% of the 64 female respondents were from single earning member households vis-à-vis 47% for the overall sample.
- In Kono district, there were no female respondents who belonged to single earning member households.

# Transaction Behavior – Access, Deposits & Withdrawal and Decision Support

# Access



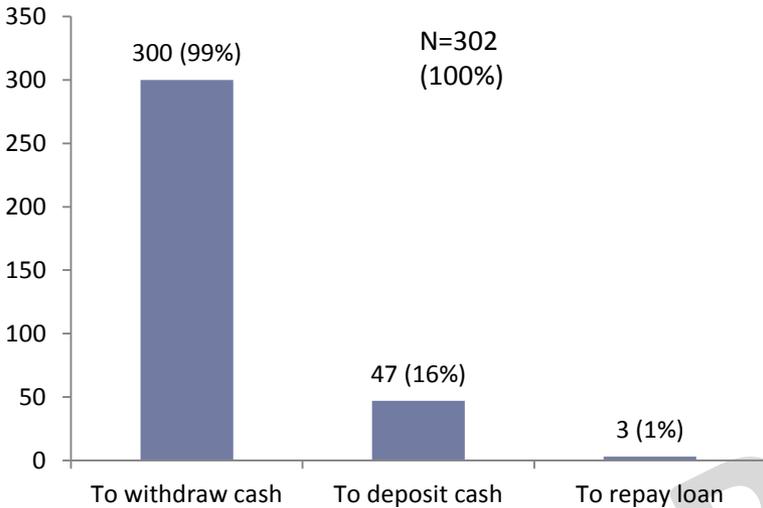
*There are 14 commercial banks in Sierra Leone which have a total of 97 branches and about 970,000 customers. The number of bank branches and ATMs per 100,000 inhabitants is 4 and 1.5 respectively. Overall access to financial services in the country is around 15%.*

*The enumerators shared that the respondents were generally dissatisfied with existing banking services, particularly with respect to service charges charged by commercial banks like Sierra Leone Commercial Bank. Most respondents use community banks instead, although these banks were usually further away from their location. They were open to exploring products that can ease receipt of money.*

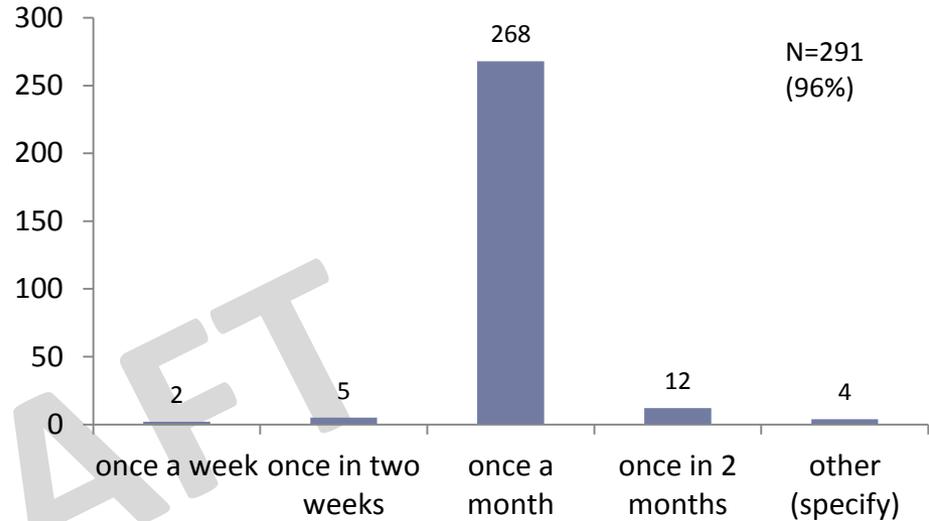
- For most respondents, the cost of visiting the branch is prohibitively high, given the distance. 92 respondents (30% of 259) pay over SLL 15000 (US\$ 1.95) for a round trip to the bank branch.
- For most respondents, the most frequented bank branch is less than 5 miles away. Despite this, majority of them visit the branches only once a month. Some of these respondents however, do visit more frequently.
- For 85 respondents (29% of 298), the most frequented bank branch is over 20 miles away, which could be a key reason why they only visit the branch once a month or even less frequently.

# Deposits and withdrawals

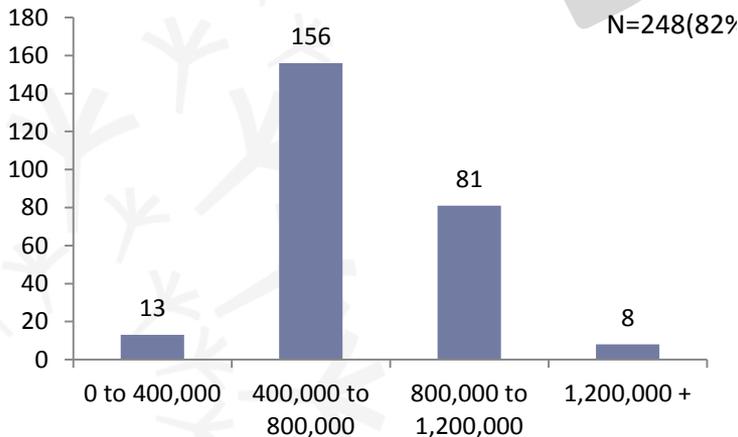
**General purpose of visiting bank branch**



**Frequency of deposit or withdrawal from bank accounts**



**Average amount withdrawn from bank each month**

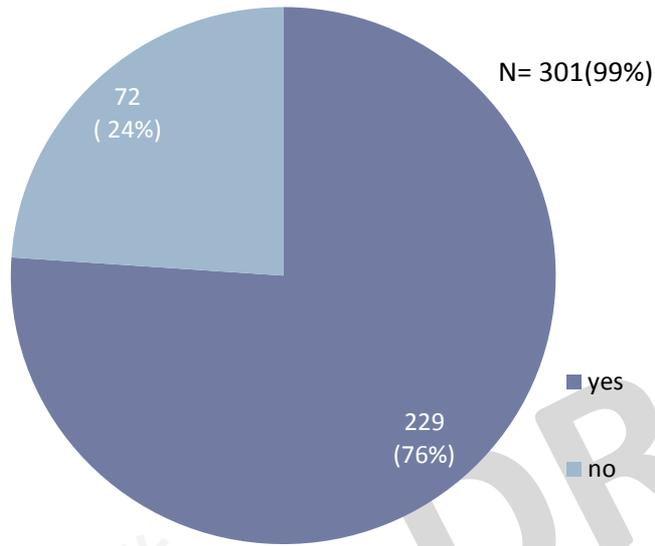


*Only 8.5% of the population use an account at a financial institution to receive their salaries.*

- Almost all the respondents cited the need for withdrawing cash as the key reason for them to visit their bank branches. This is primarily linked to the fact that they receive their salaries as direct credit to their bank accounts which they cash out at the bank branch.
- The graph shows that 89% of the respondents who receive their salary digitally visit the branches once a month. We can infer from the two graphs that these visits are primarily for withdrawing cash.
- Nearly 63% (156 out of 248) of the respondents withdraw SLL 400,000 to SLL 800,000 from their bank accounts on a monthly basis. The government salary of most of the respondents also lies in this range implying that most respondents withdraw a major portion of their salaries once credited in their bank.

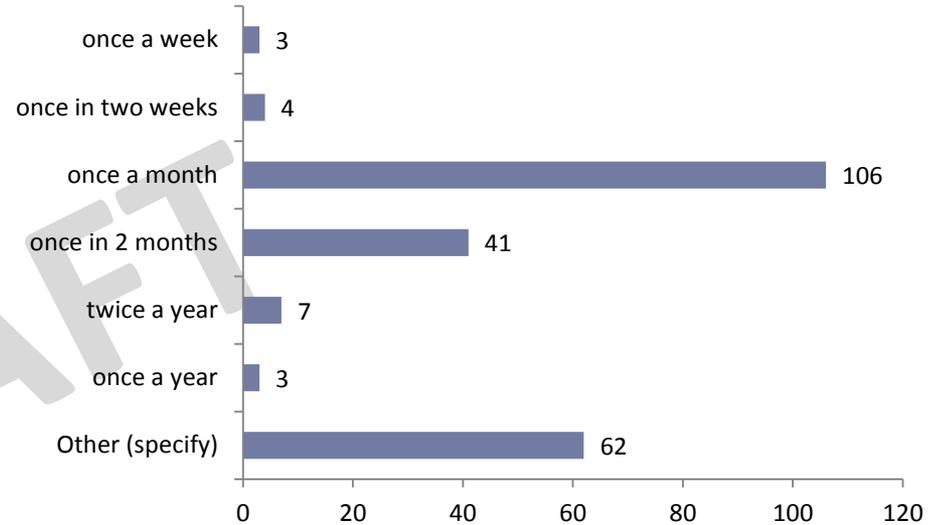
# Remittances

Whether respondents remit (send) money



Frequency of remittance (sending money)

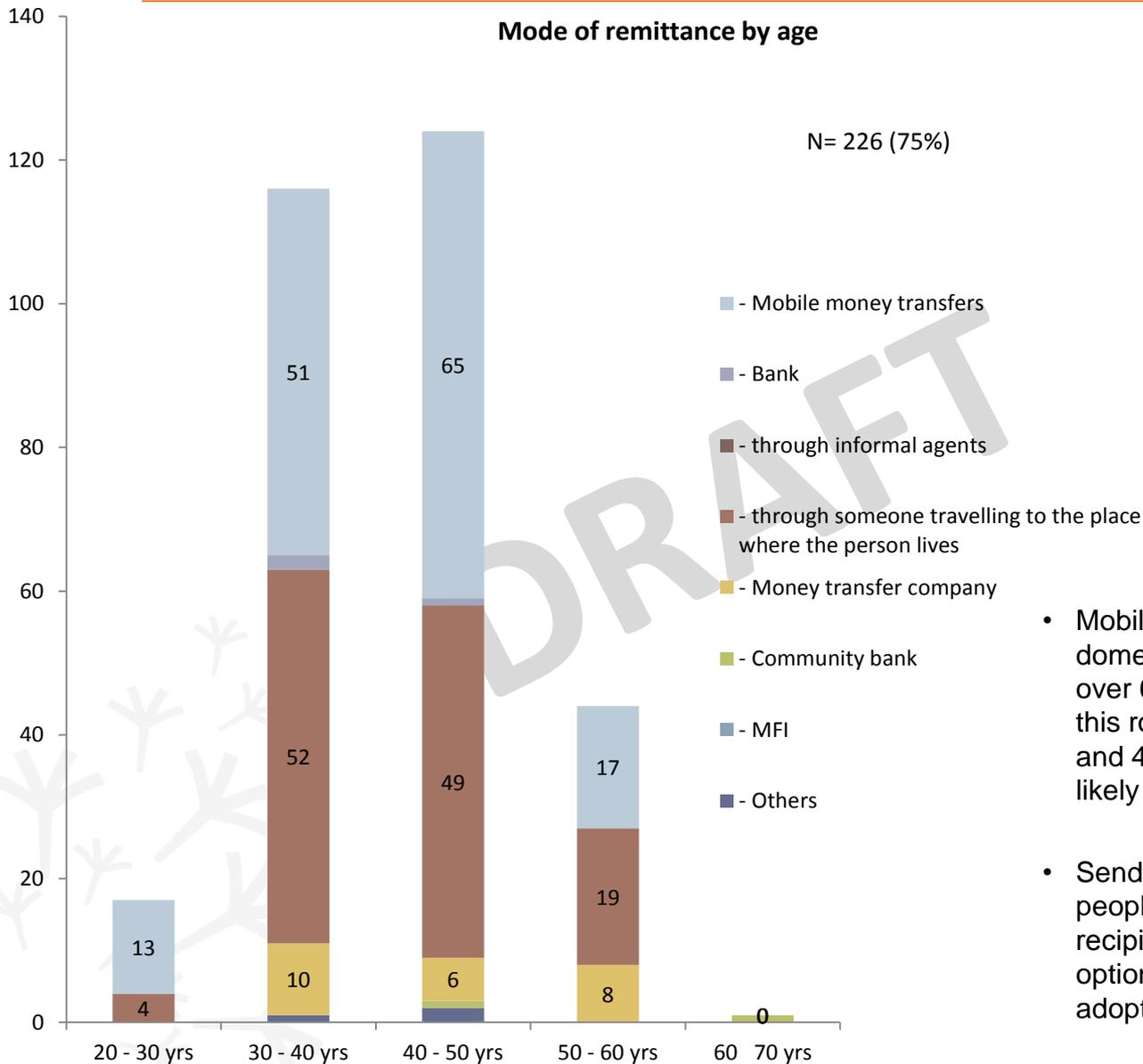
N= 226 (75%)



Annual domestic remittances are estimated to be around US\$156 million, of which almost 92% are through informal channels. On the other hand, annual international remittances through formal channels (mobile money transfers, money transfer companies, and banks) range between US\$ 109 million and US\$ 260 million. Nearly 86% of Sierra Leoneans send money to the home country regularly.

- Over 75% of the respondents remit money to family and friends. Most of them remit money once in a month or once in two months. 62 (20%) respondents that selected “Others” option mentioned that they remit money on “as and when needed” basis.

# Remittances

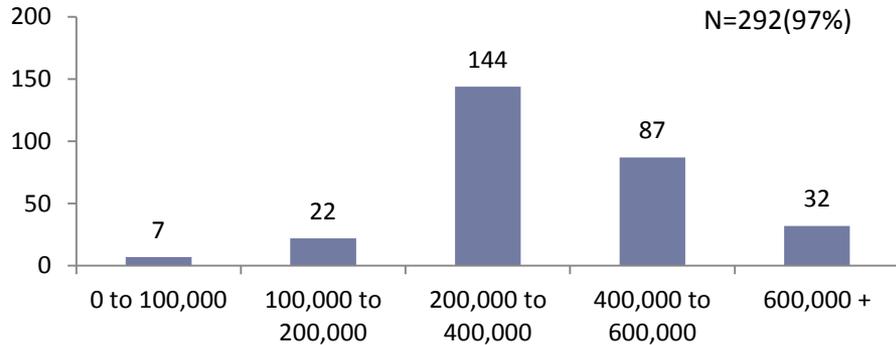


- Mobile money transfers are popular for domestic remittances in this sample with over 60% respondents remitting through this route. People in the 20-30 (over 75%) and 40-50 (over 50%) age groups are more likely to use this channel.
- Sending money in cash through other people who might be traveling to the recipient's destination is also a prevalent option. Around 55% of the respondents adopt this mode of remitting money.

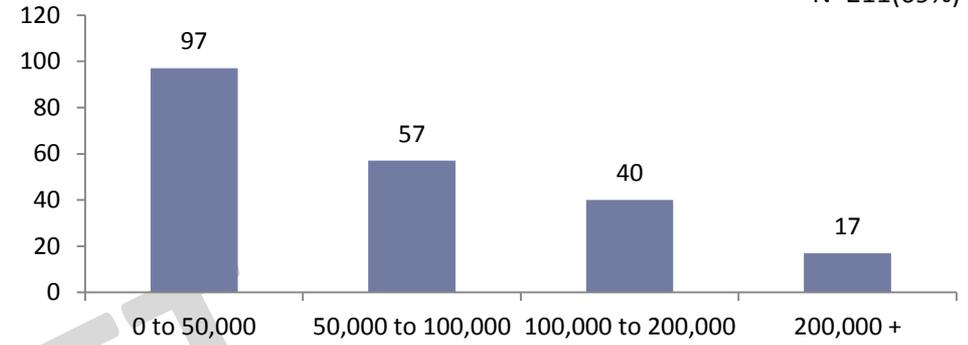
# Expenditure

# Expenditure

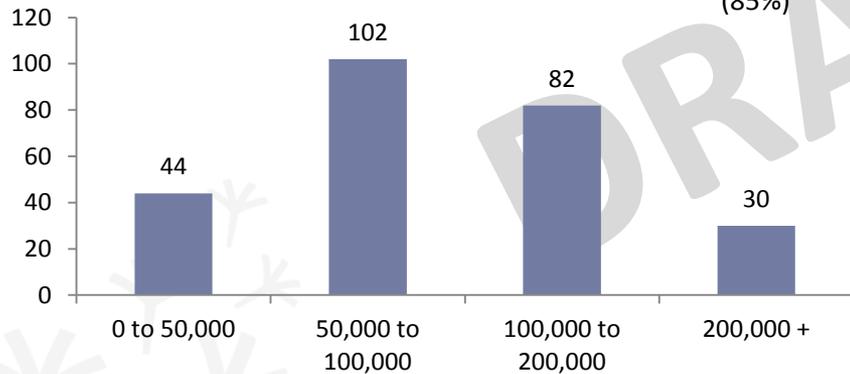
Monthly food expense (in SLL)



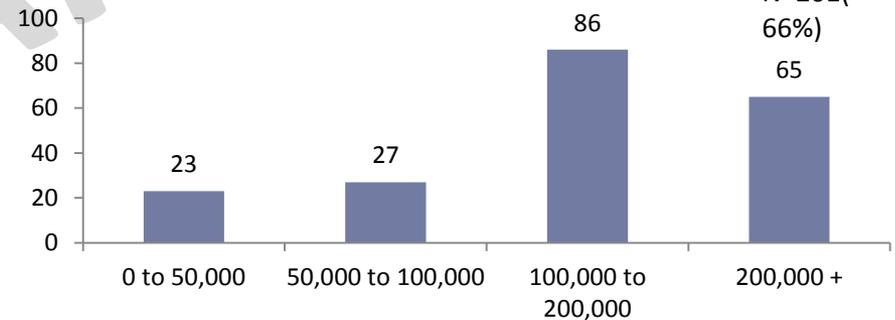
Monthly health expense (in SLL)



Monthly transportation expense (in SLL)



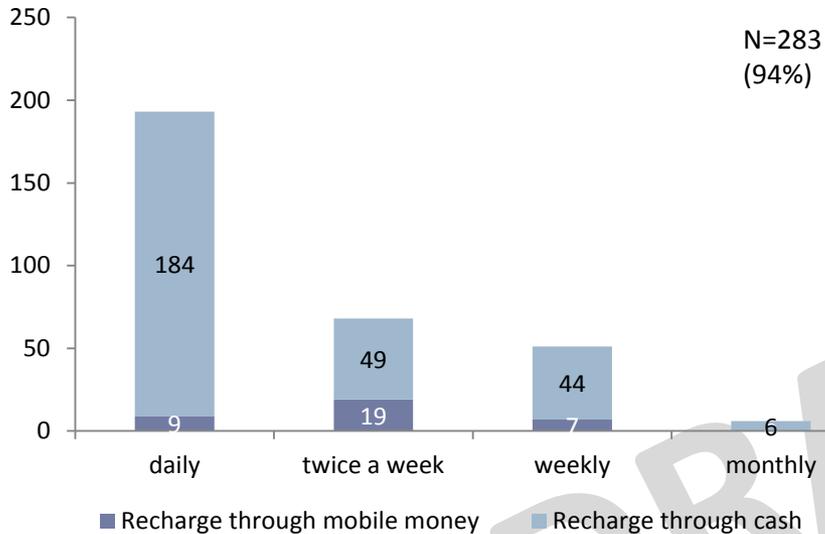
Monthly education expense (in SLL)



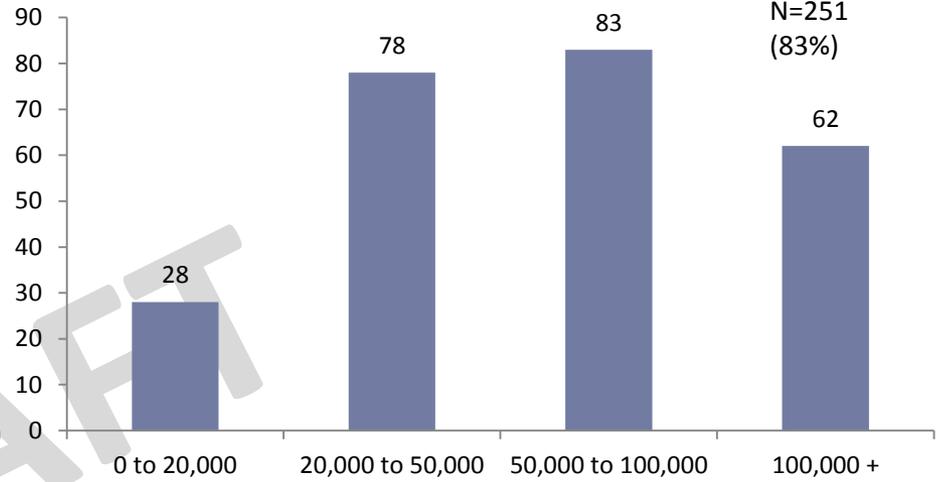
- The survey shows that food constitutes a significant cost in the expenditure basket.
- Education is another significant expenditure, although a range of options seem to be available to respondents. Over 75% spend more than SLL 100,000 on education. Considering that the salaries of most respondents is between SLL 600,000 and 800,000, this is significant.
- Health expenses are significant for some of the respondents.
- Transportation is a significant cost (over SLL 100,000) in the expenditure basket for 44% of the respondents.

# Expenditure

### Frequency and mode of mobile balance recharge



### Monthly mobile expense (in SLL)



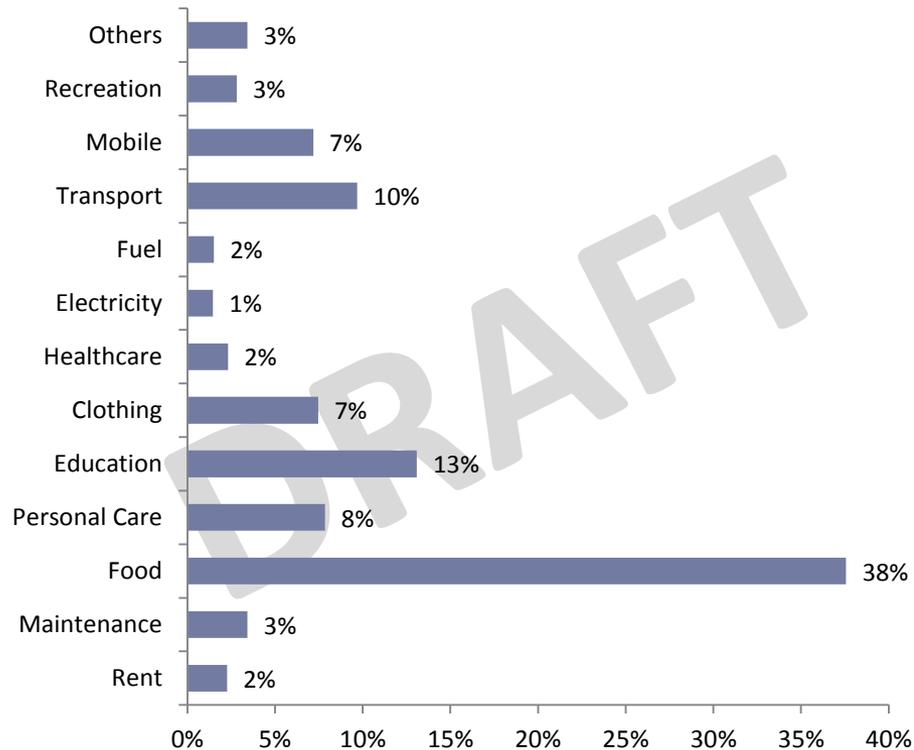
According to a BBC Media research in 2015-16, radio and mobile phones are the two most widely accessed media platforms that are almost equally used by men and women and by those in urban and rural areas in Sierra Leone. People primarily use mobile phones (mostly feature phones) to make calls to address urgent issues. Given the low literacy levels, calls and voice-based services may help outreach to more Sierra Leoneans.

Cost of mobile phone calls can range from SLL350 (US\$0.046) to SLL697 (US\$0.091) per minute in Sierra Leone. People usually own SIM cards of major networks to be able to switch between networks and avoid higher costs of calling between networks.

- Most of the respondents recharge their mobile balance very frequently, either daily or twice a week.
- For most of the respondents, monthly mobile expenses are higher than SLL 20,000 and a significant number of respondents among them reported mobile expenses to be higher than SLL 50,000. There is potential to leverage mobile money/DFS to reduce expenses such as transportation cost and increase mobile usage.

# Expenditure

Percentage share of different expense heads in average monthly expenditure

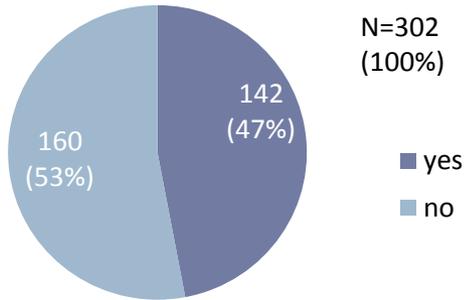


- Currently, food, education, personal care and transportation are significant costs for the sample households.
- Mobile phone expenditure is low, considering that most respondent families have more than 6 members.

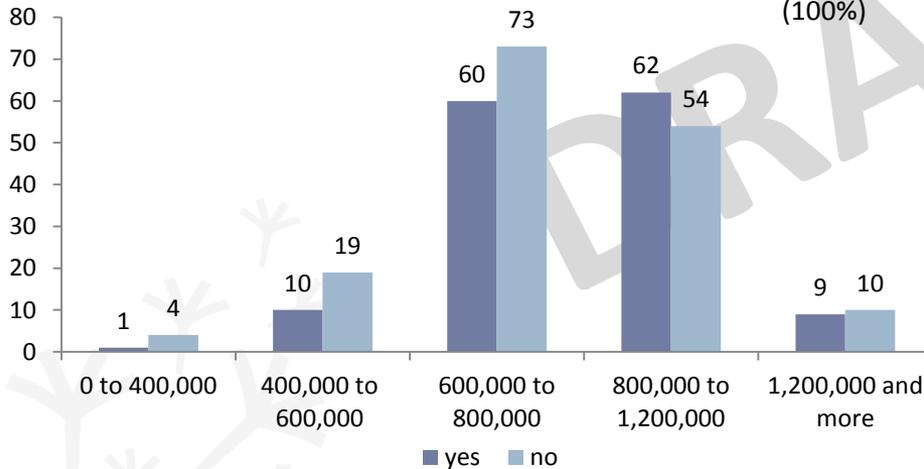
# Loans, Savings & Investments

# Loans

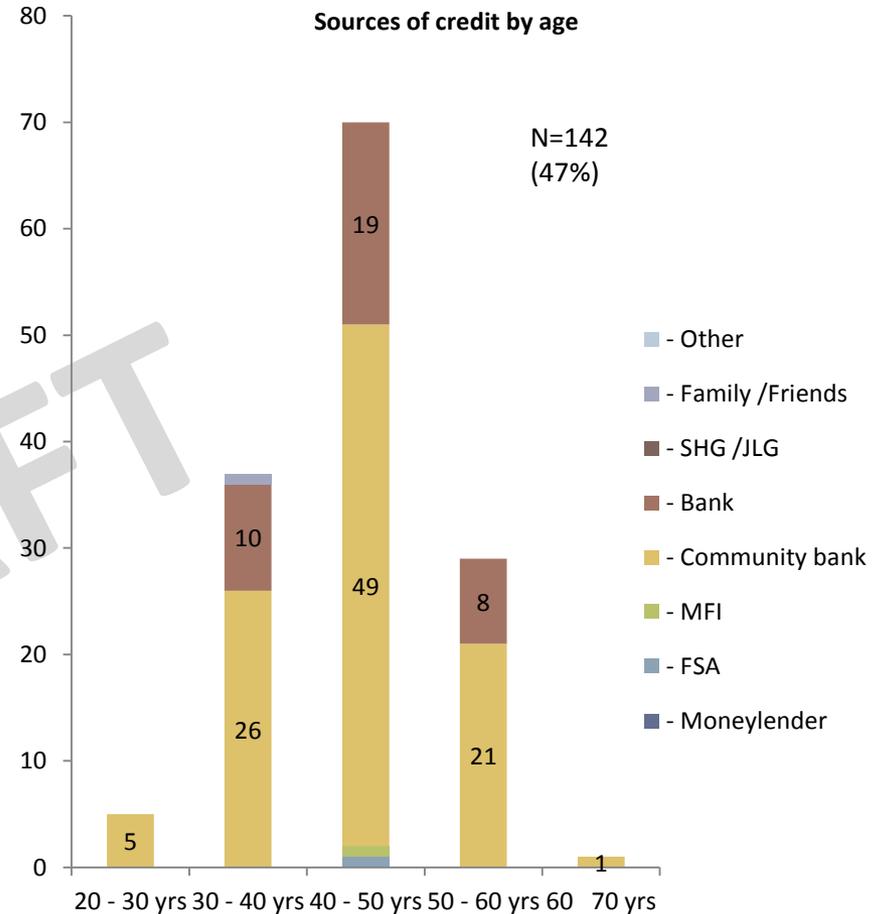
Loans taken (at any point in time)



Loans taken by income (at any point in time)



Sources of credit by age

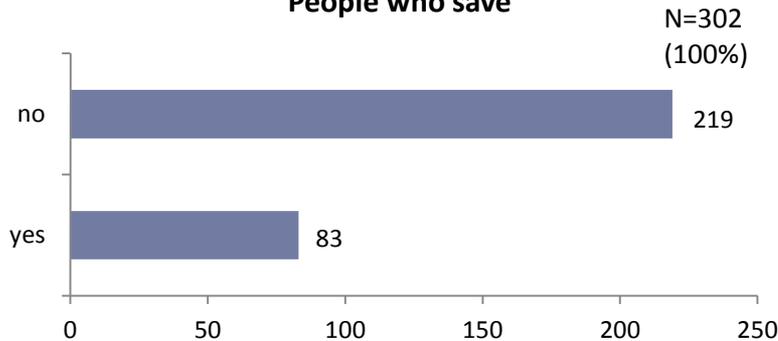


Only about 0.5 million people in Sierra Leone have received a loan from a formal financial institution. This is because most of the financial products and services are not available consistently and at affordable rates. Loan interest rates range between 7.9% and 20.7%.

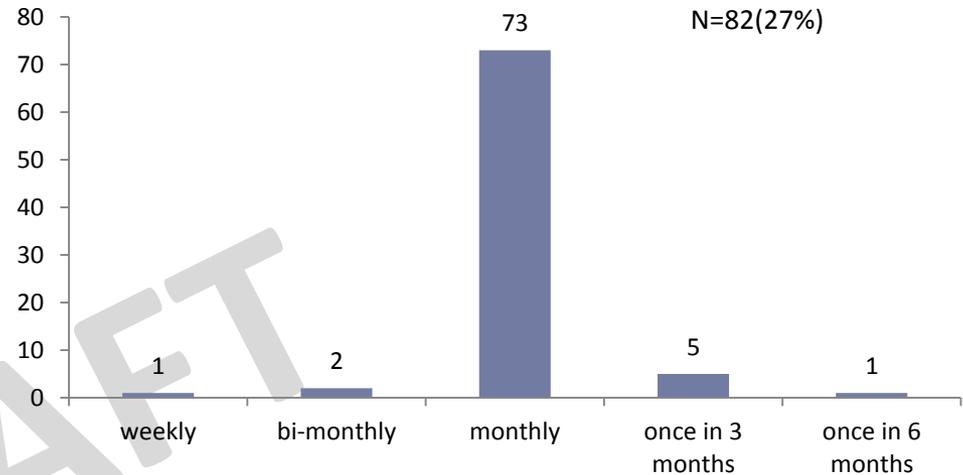
- Less than 50% of the respondents have ever taken loans. Most respondents who took loans earn salaries over SLL 600,000, possibly due to collateral or credit history requirements.
- Most of the survey respondents who accessed credit, across all age groups, have taken loans from community banks (72%) and commercial banks (26%).

# Savings

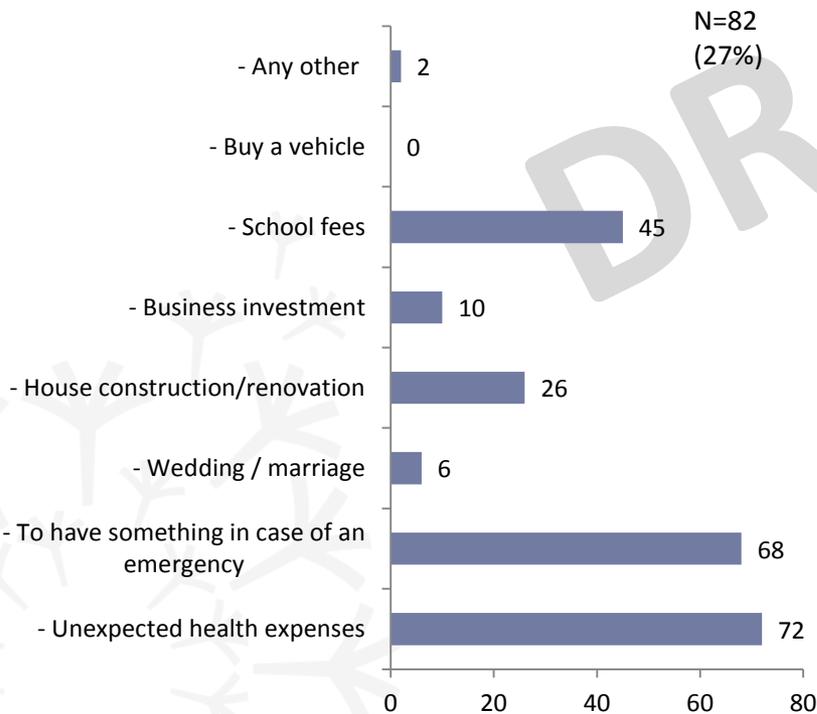
People who save



Frequency of saving



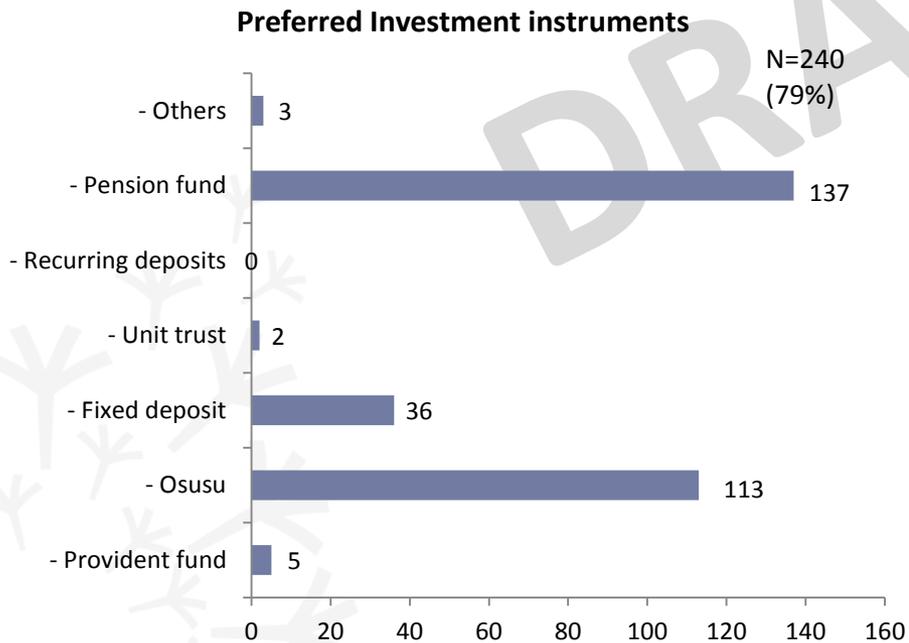
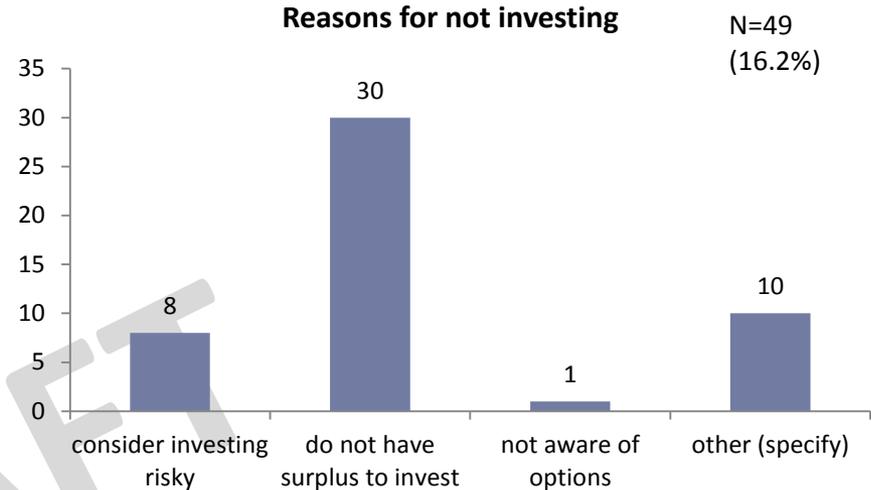
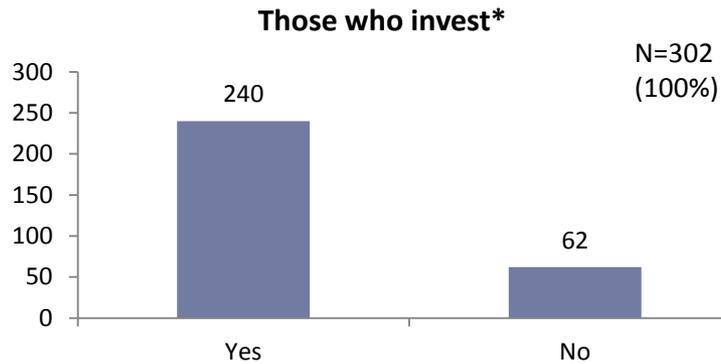
Purpose of saving



*Approximately 1 million people in Sierra Leone have an account at a financial institution.*

- Less than a third of the sample are able to save. However, most of the respondents think it is important to save.
- Savings for health expenses and emergencies are the predominant reasons. Other reasons include education and purchasing property.
- Most of the people who earn incomes over SLL 600,000 are able to save for a variety of reasons.
- 78(26%) of the 82(27%) respondents who are able to save, do so on a monthly basis.
- Almost all respondents feel that it is important to save. Most of them believe savings can help them provide for financial support during old age and during times of crisis.

# Investments



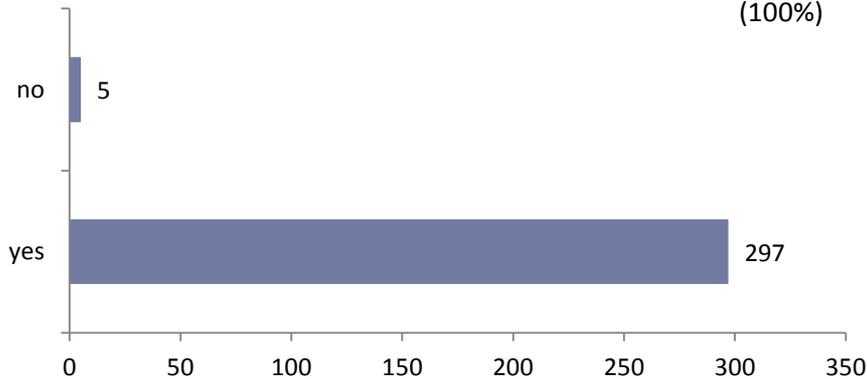
- 80% of the respondents make investments.
- Majority of the respondents that do not invest share that they are unable to do so because they do not have surplus funds.
- Osusu is a popular investment option in Sierra Leone across income and age groups, probably because they enable access to lump sums and do not require supporting documents etc.

# Insurance

# Insurance

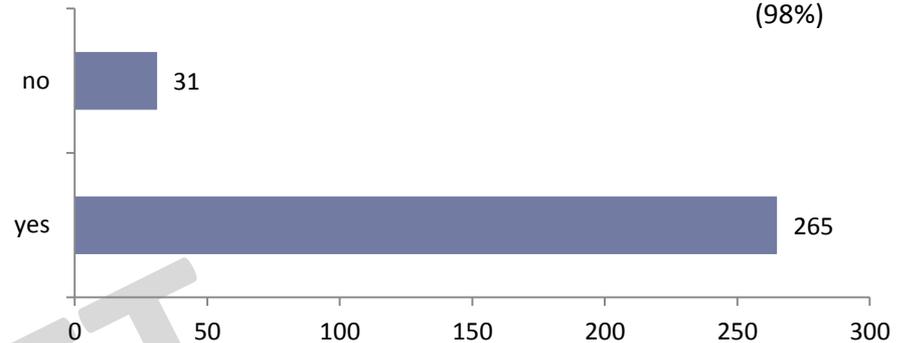
### Awareness about insurance in general

N=302  
(100%)



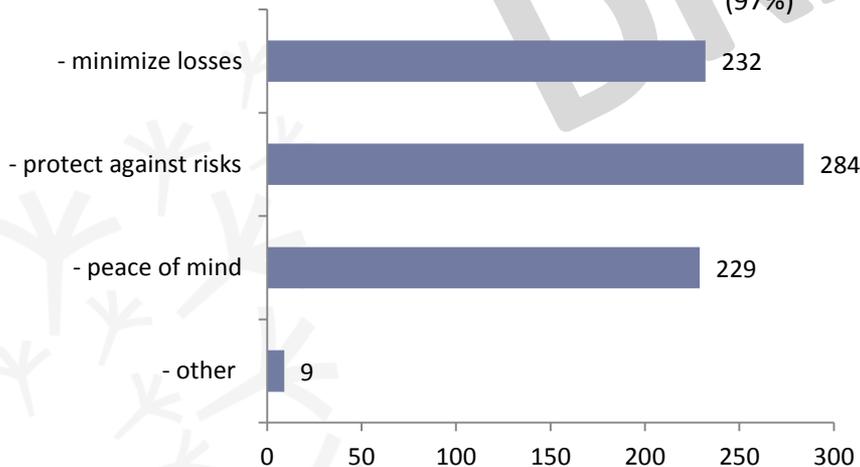
### People who own insurance

N=296  
(98%)



### Underlying drivers for Insurance uptake

N=292  
(97%)



Only 13% of the adult population in Sierra Leone has access to formal financial services such as insurance, savings and credit. Less than 1% of the total population is covered by micro-insurance.

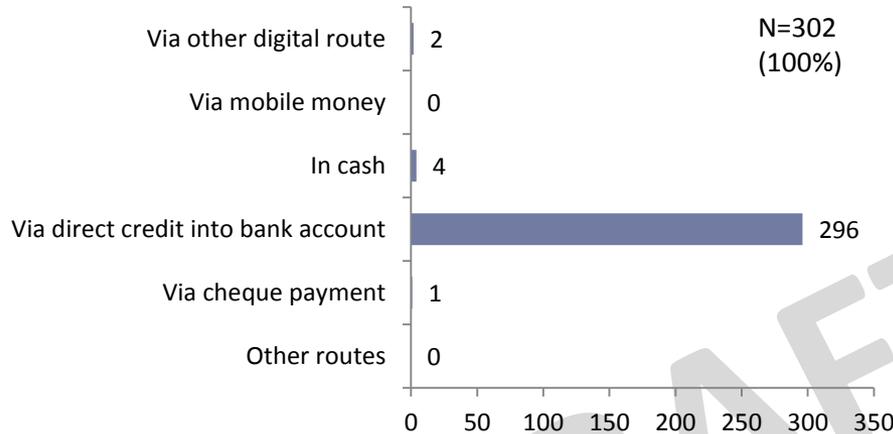
In 2017, Africell, which has a small customer base of 13,000, partnered with GRAS SAVOYE and ACTIVA International to launch the first mobile life insurance in the country.

- Almost all of the respondents are aware of insurance. Almost 90% of the respondents own insurance.
- Life and health insurance rank highest in terms of insurance needs.
- The key underlying drivers of insurance uptake are protection against risks and minimizing losses followed by peace of mind.

# Mobile & DFS – Access & Perception

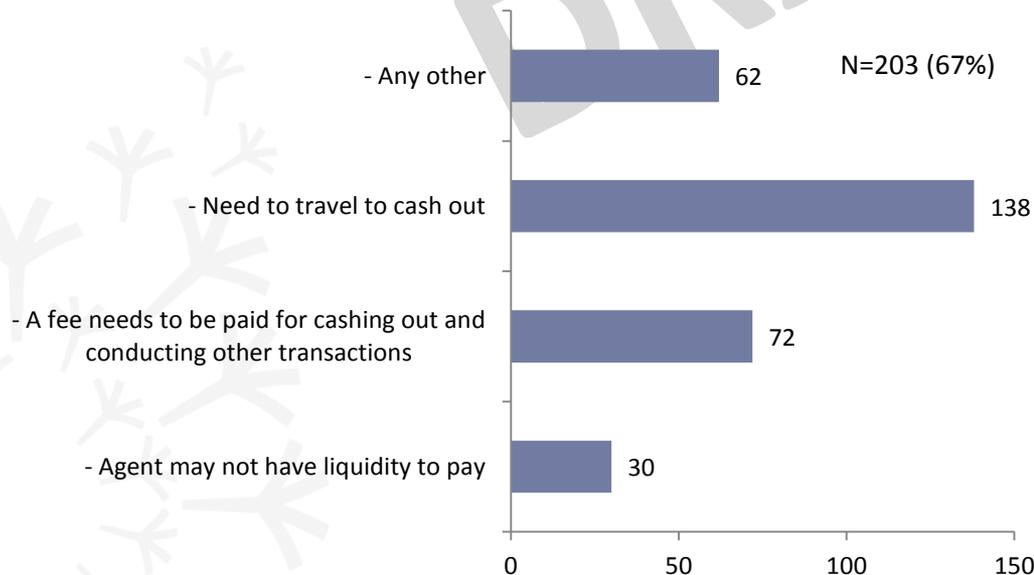
# Mobile & DFS – Receipt of salaries in bank accounts

## Medium of receiving salary



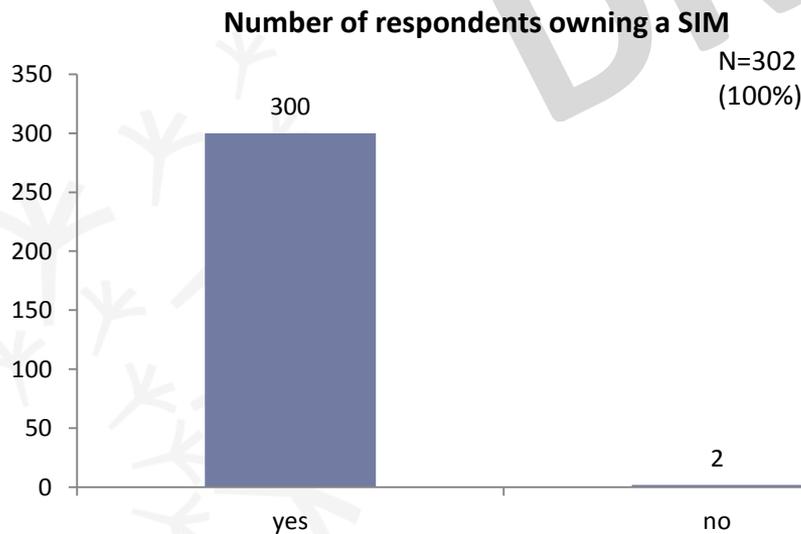
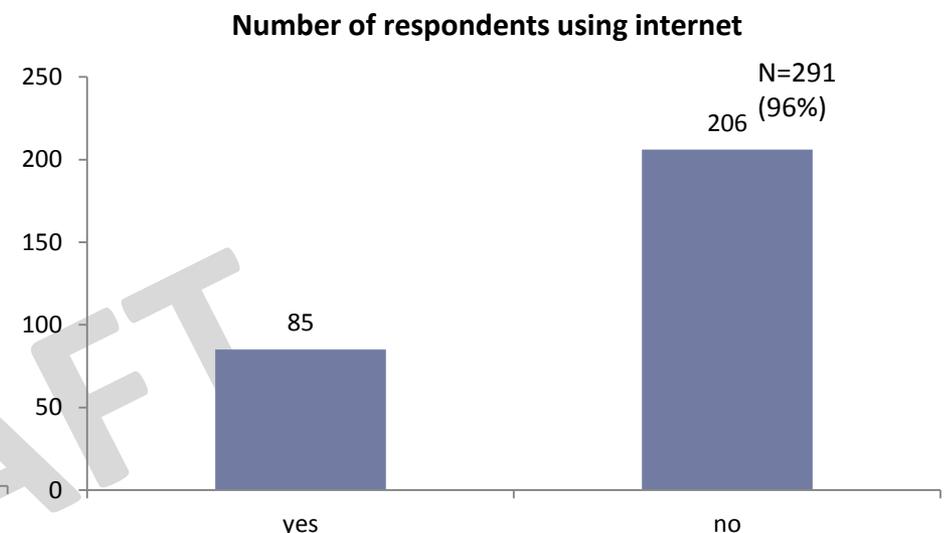
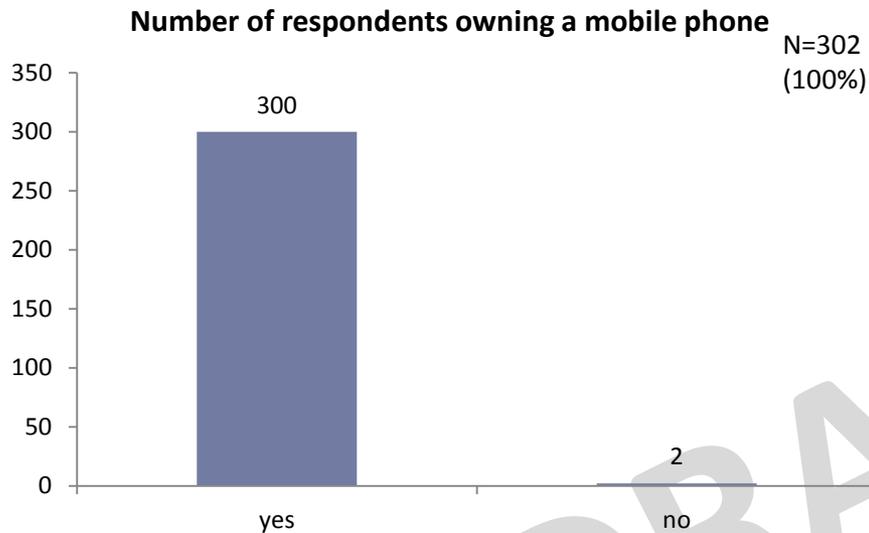
*The total number of paid employees (public and private) in Sierra Leone is over 275,000. The country has nearly 80,000 employees on government payroll. These include the army, police force, teachers, and nurses, among others.*

## Challenges in receiving salary digitally



- Most respondents receive their incomes as a direct credit in their bank accounts.
- While all respondents said that they were happy to receive their salary digitally, they shared some challenges with this mode.
- Primarily, they faced a challenge in travelling to the bank branch to cash out. This can be linked to the distance they have to travel and the fact that all their other transactions are in cash.
- Other means of cashing out requires a fee or dependency on agents for liquidity.

# Mobile & DFS - Digital access to income

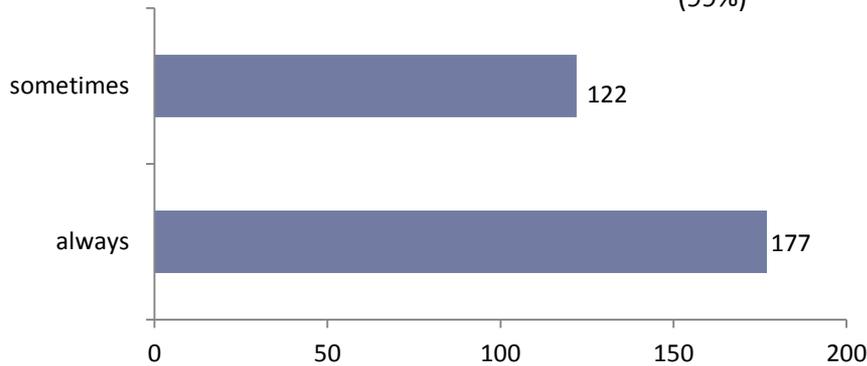


*Almost 81% (1,027,147) of total households (1,265,468) in Sierra Leone own a mobile phone. This includes 531,502 rural households, and 495,645 urban households. There are almost 2.8 million unique mobile subscribers in the country with a penetration percentage of 42.*

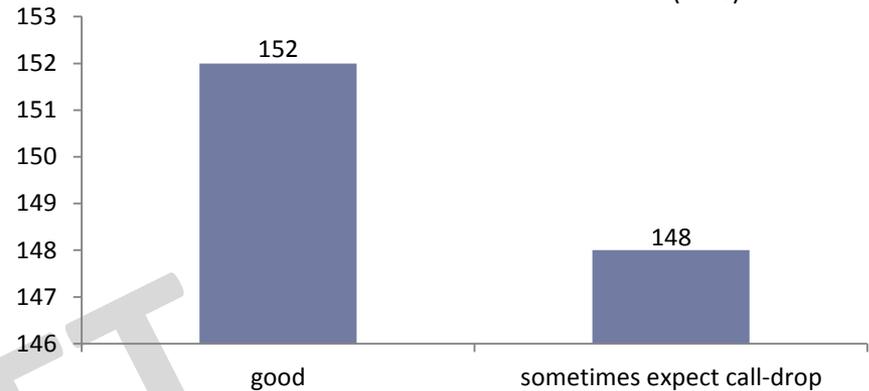
- Nearly all respondents own mobile phones and SIM cards.
- However, around 70% of them do not have access to internet (not including mobile internet).

# Mobile & DFS – Quality of mobile access

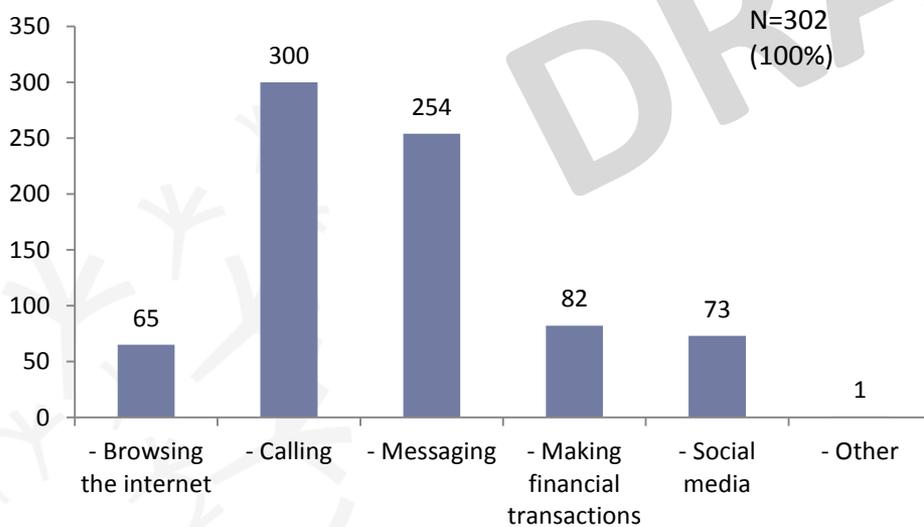
**Availability of mobile network** N=299 (99%)



**Call quality\*** N=300 (99%)



**Mobile use**



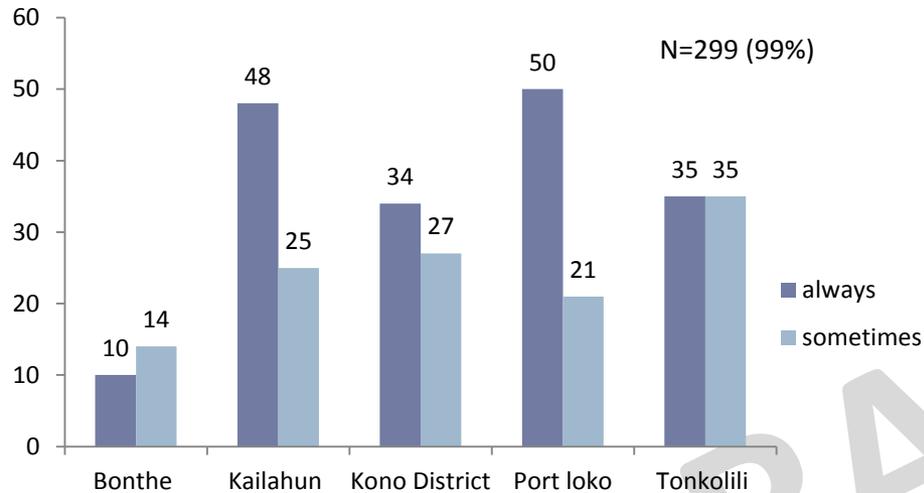
*Of the 2.8 million unique mobile subscribers in Sierra Leone, around 78% of the people use their mobile phones for calling, followed by internet browsing which accounts for nearly 13% of the total use.*

- Most respondents use mobile phones for calling and messaging. Accessing social media on mobile phones and making financial transactions are emerging uses among respondents.
- Network connectivity is not always reliable according to around 40% of the respondents.
- Similarly, call quality is not always reliable, with 148 (49%) out of 300 respondents saying that they experience call drops.

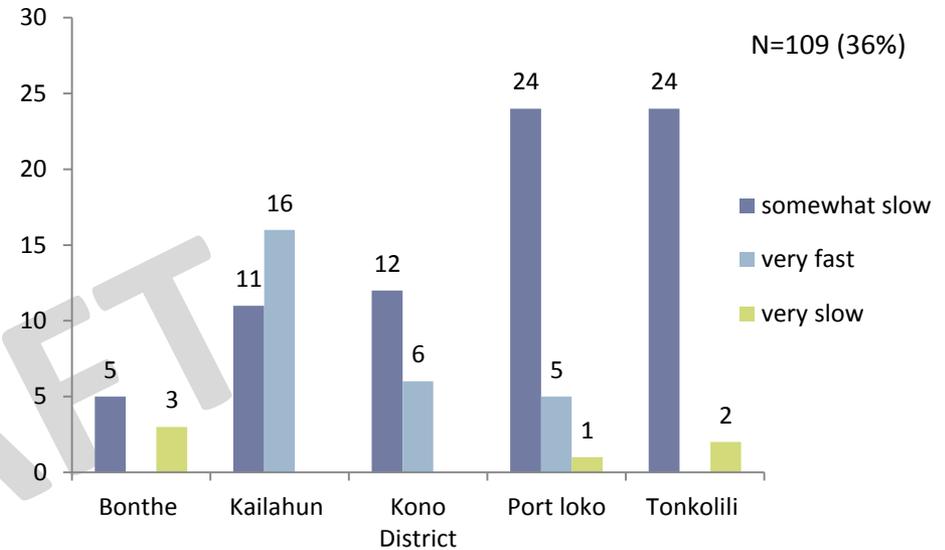
\*Poor call quality can pose a challenge even if network is available, but the quality of such network is poor.

# Mobile & DFS - Quality of mobile access

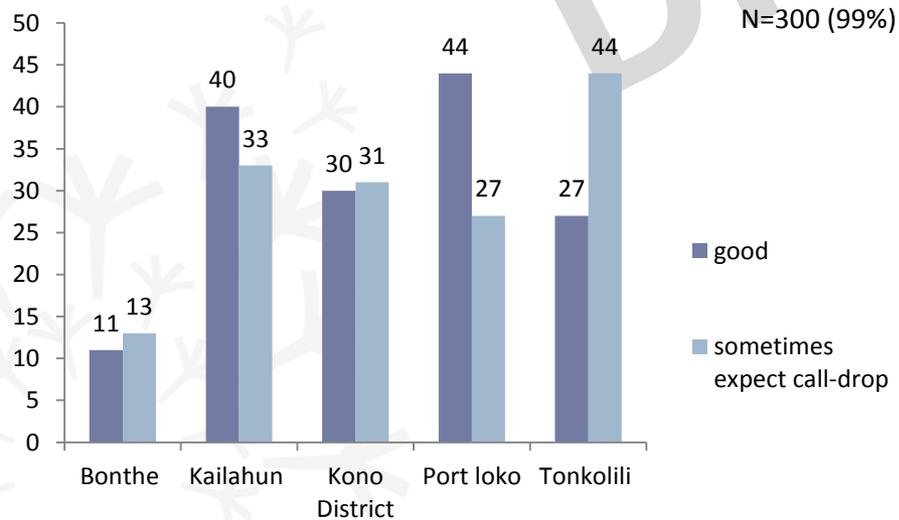
Availability of mobile network by district



Mobile internet speed by district



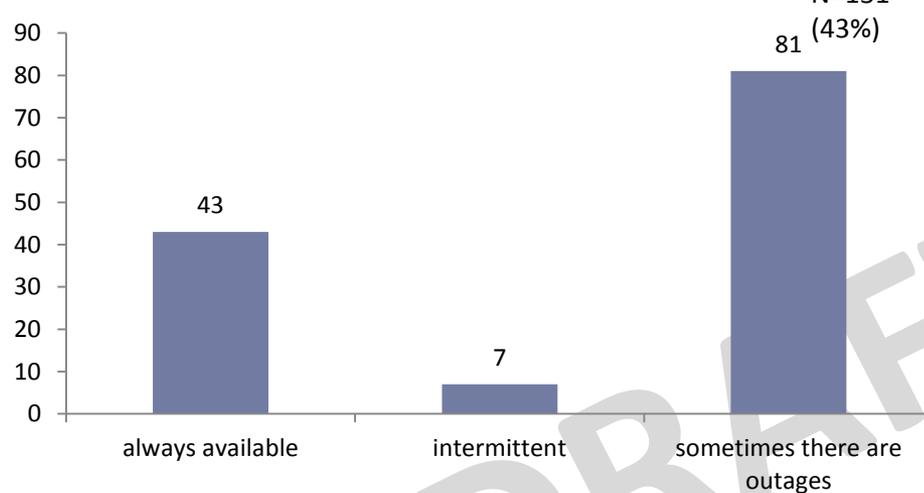
Call quality by district



- Kailahun and Port Loko have better mobile access in terms of mobile network availability and call quality compared to other districts. Mobile access is relatively poor in Tonkolili.
- Between Kailahun and Port Loko, the former however has better mobile internet speed.

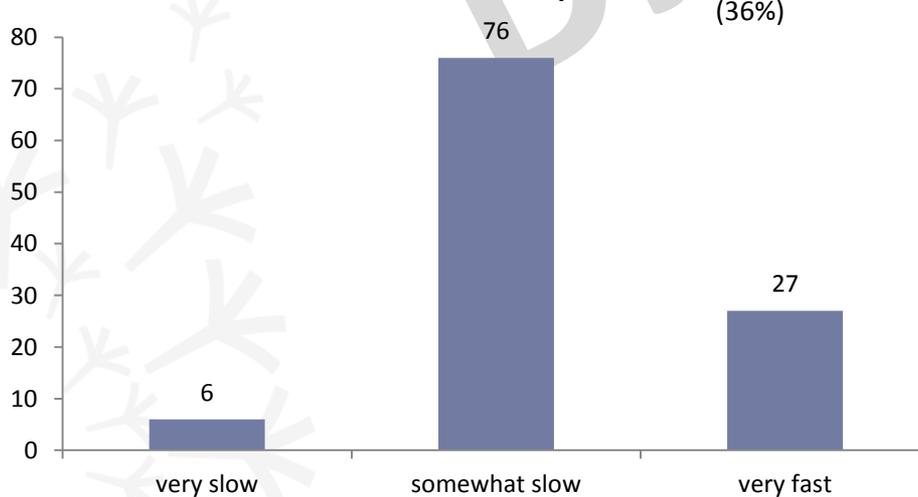
# Mobile & DFS - Quality of mobile access

## Experience with mobile internet connectivity



*Only 13% of the population in Sierra Leone has access to internet. Of this, almost 76% reside in urban areas and the remaining 24% in rural areas.*

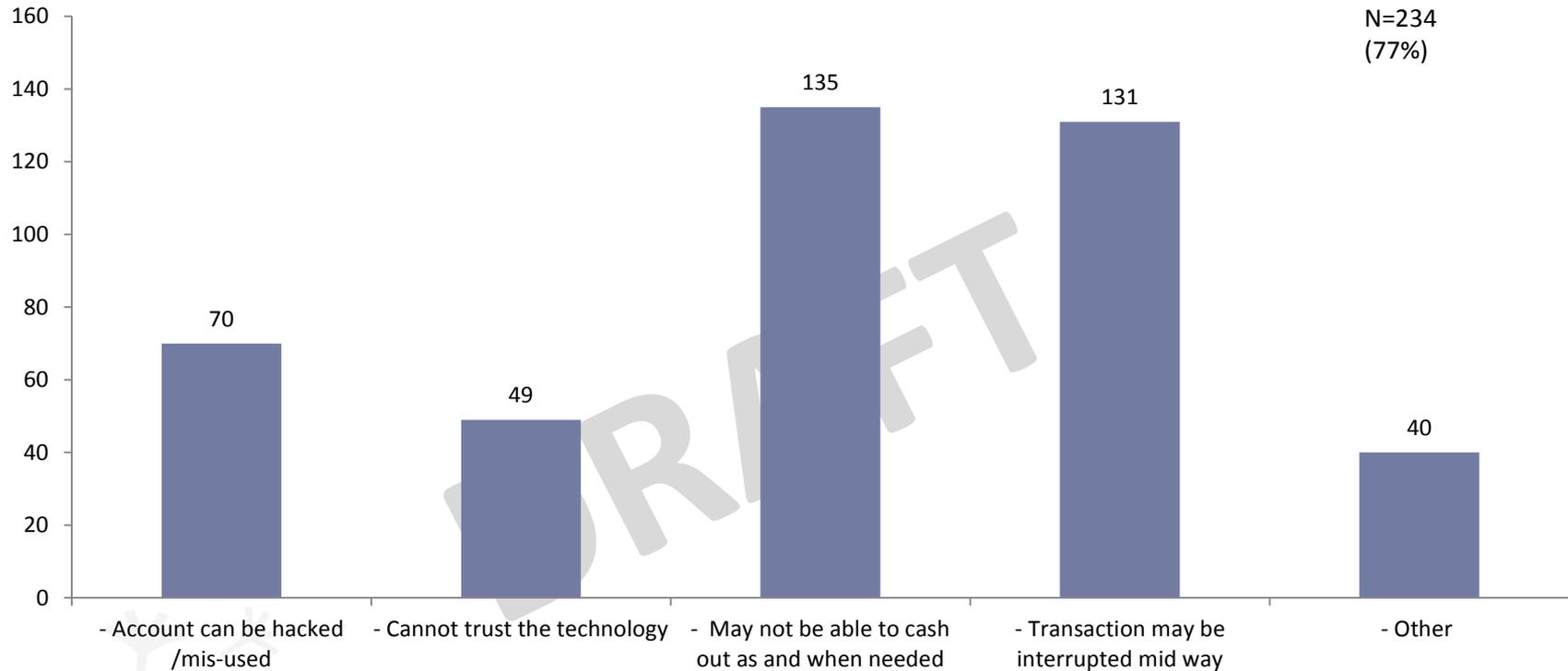
## Mobile internet speed



- Since most respondents do not have access to the internet, they are dependent on mobile data for internet connectivity.
- Around 67% of the respondents experience erratic data or internet connectivity.
- Around 75% of the respondents using mobile internet, feel that slow internet speed is a challenge.

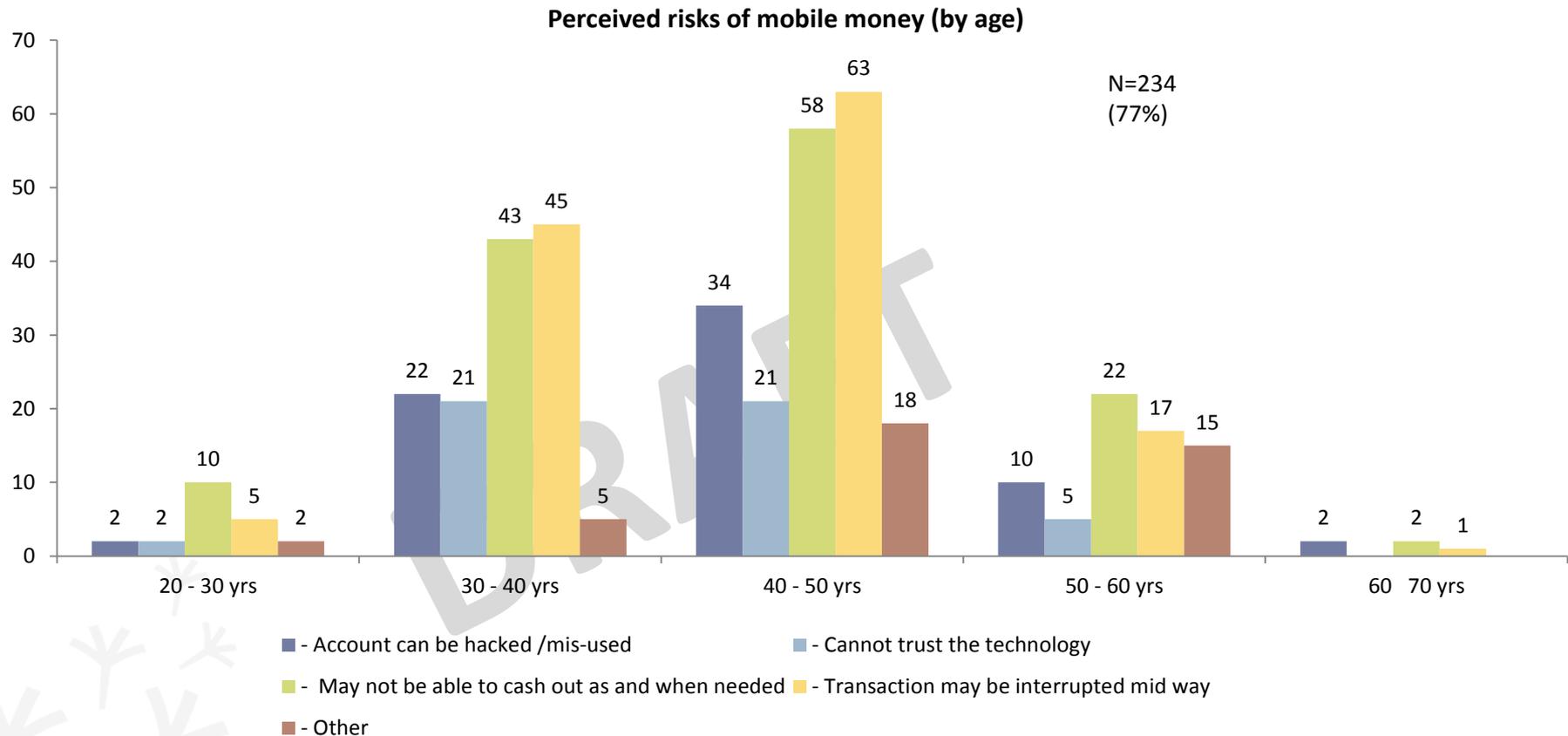
# Mobile & DFS – Perceived risks in mobile money usage

Perceived risks in mobile money usage



- In general, the inability to cash out and fear of transactions getting interrupted were cited as key perceived risks.
- Although 49 (16%) respondents cited inability to trust technology as a risk, most respondents in the “Other” category cited similar concerns over money getting transferred to wrong numbers.

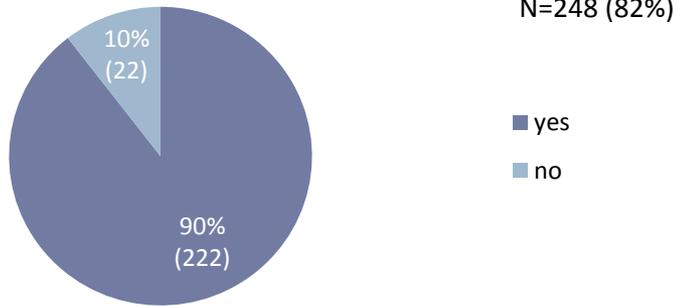
# Mobile & DFS – Perceived risks in mobile money usage



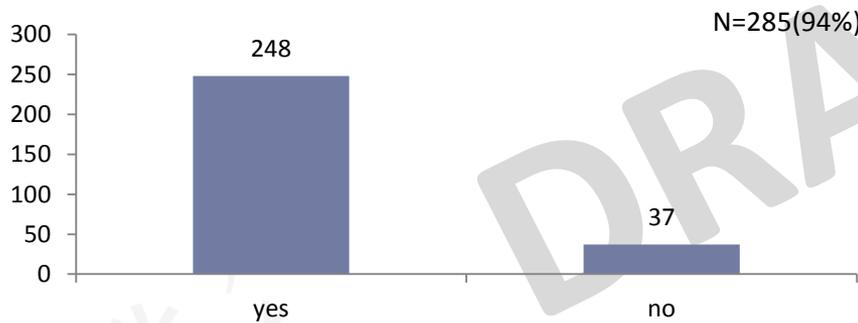
- Respondents in the 40 – 50 years age group are primarily concerned about interruptions during transactions due to inadequate data or internet, and the perceived lack of liquidity and ease of cashing out when required.
- Respondents in the 30-40 years age group are primarily concerned about the lack of liquidity. They are also unsure of trusting the technology and transaction interruptions.
- Fears of the account being hacked or misused are lower across age groups.

# Mobile & DFS – Mobile money usage

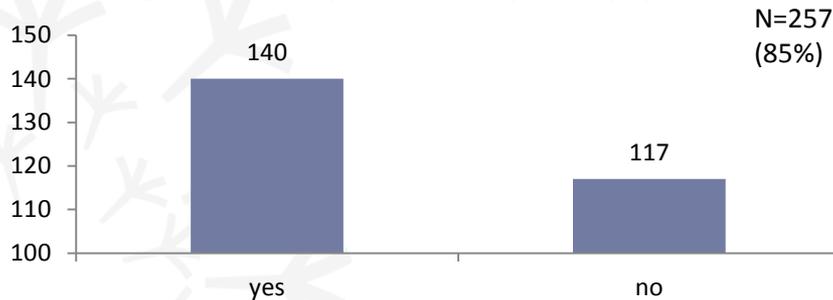
Percentage of respondents with a registered MM account



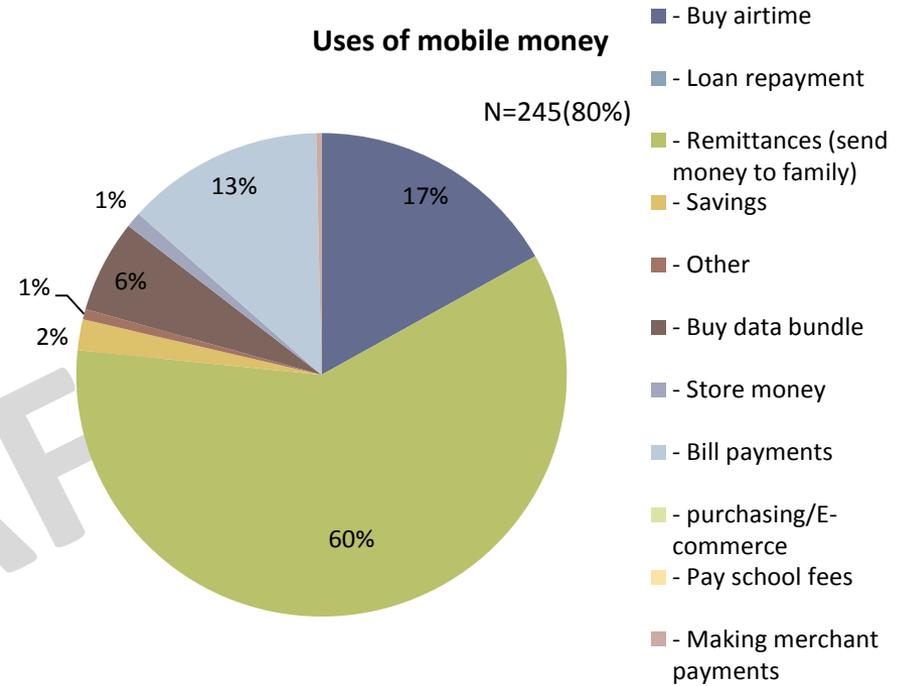
Whether respondent has ever used mobile money



Whether nearby vendor accept MM payments



Uses of mobile money

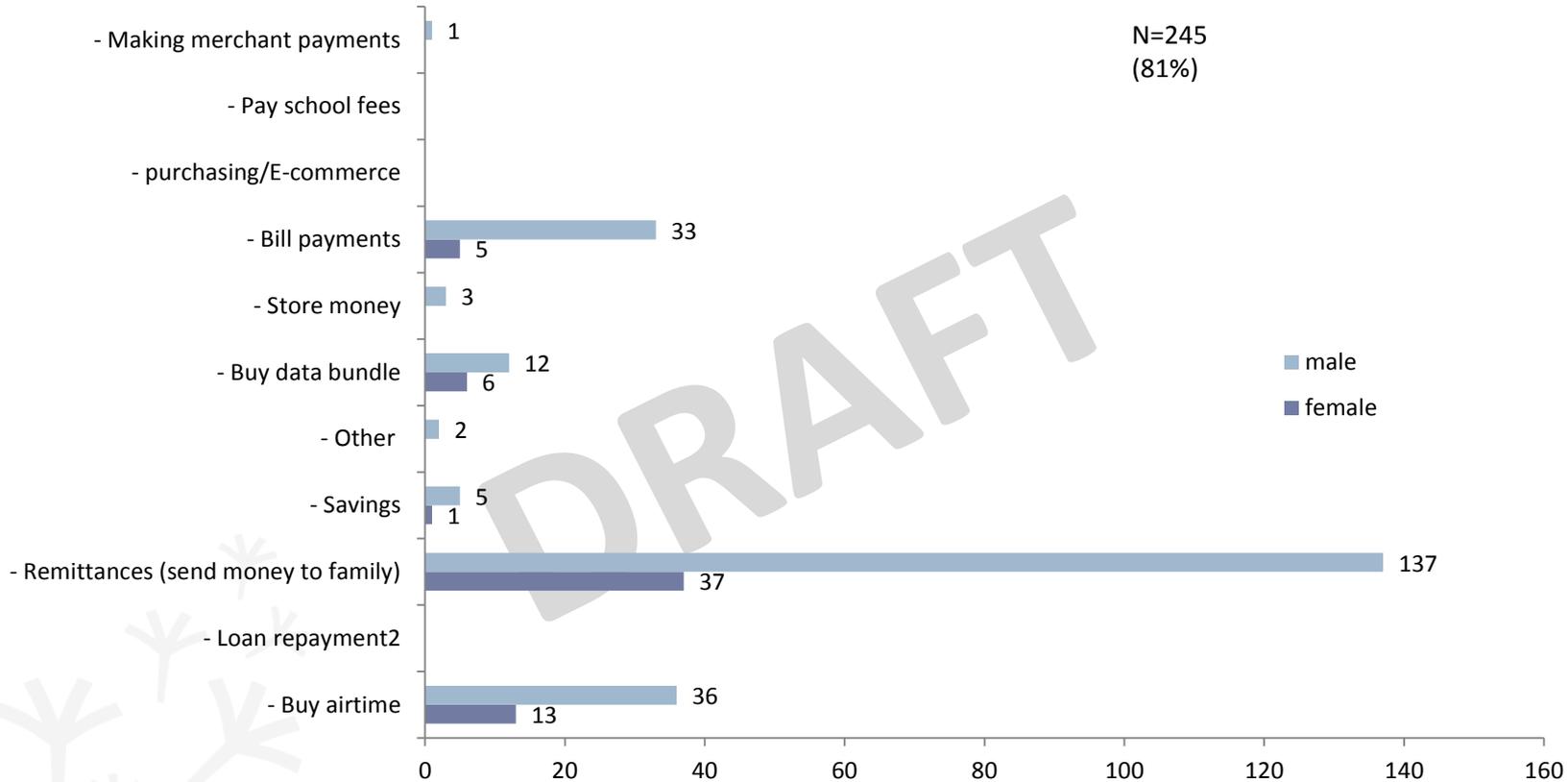


*Orange and Africell, which together have a customer base of over 1 million offer MM services such as utilities bill payments, remittances, merchant payments (supermarkets, schools, air-time top-up), and loan repayment*

- About 90% of the respondents have registered mobile money accounts for transfer and receipt of money.
- About 87% of the respondents use mobile money.
- However, around 54% of the respondents with mobile money accounts share that vendors in the neighbourhood do not accept mobile money payments.

# Mobile & DFS – Mobile money usage

Mobile Money usage by gender

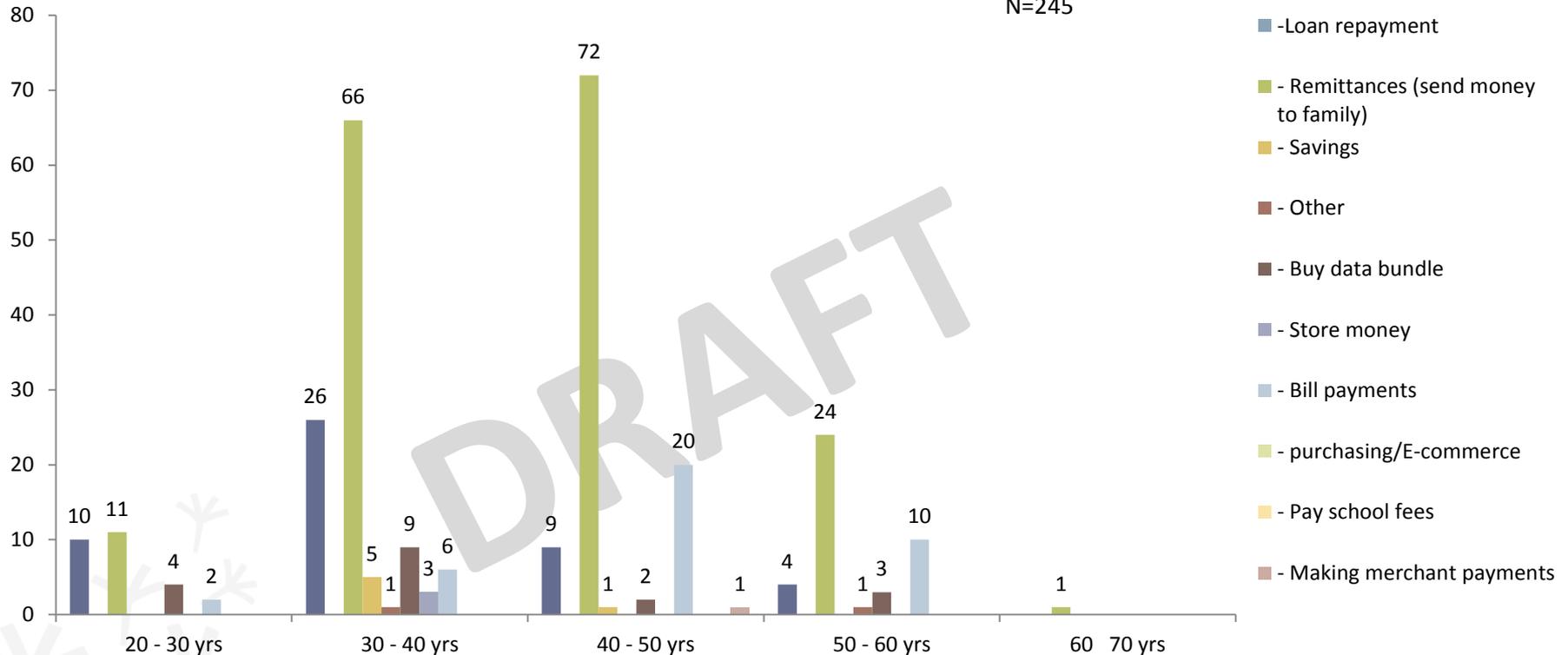


- None of the women respondents in the sample used mobile money for making merchant payments, school fees, e-commerce, storing money or loan repayments
- A greater proportion of women (in comparison to proportion of women in overall sample) use mobile money for buying data bundles and buying airtime while a relatively lower proportion of women use mobile money for remittances and bill payments

# Mobile & DFS – Mobile money usage

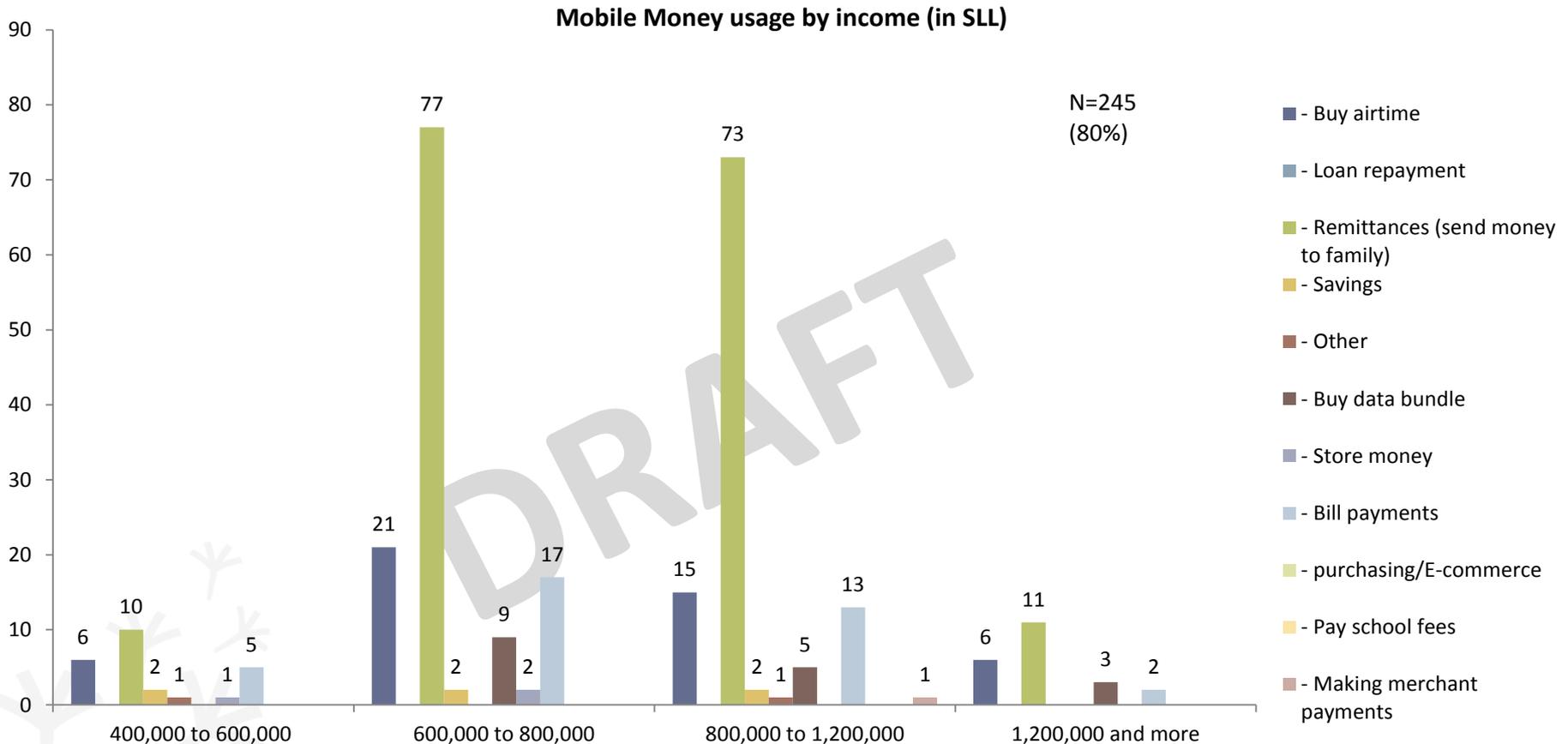
Mobile money usage by age

N=245



- Respondents in the 30 – 50 years age group (which is a majority of the sample) use mobile money to send and receive remittances.
- For users in the 30-40 years age group, buying air time is the second key use while respondents in the 40 – 50 years age group use mobile money accounts to store money (likely received as remittances).

# Mobile & DFS – Mobile money usage

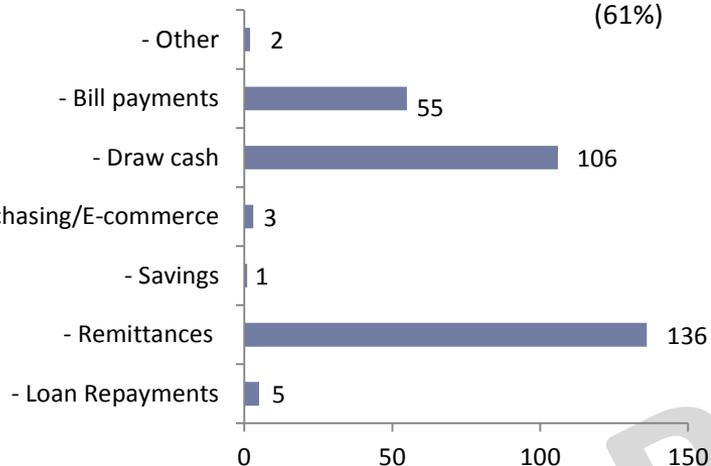


- Storing money and purchase of data bundles are emerging uses, with very few respondents availing of these services currently.
- Respondents earning between SLL 600,000 to SLL 1,200,000 use mobile money for a number of uses including remittances, buying airtime and storing money. Bill payments and purchase of data bundles are emerging uses in this category as well.

# Mobile & DFS – Willingness to pay for mobile money services

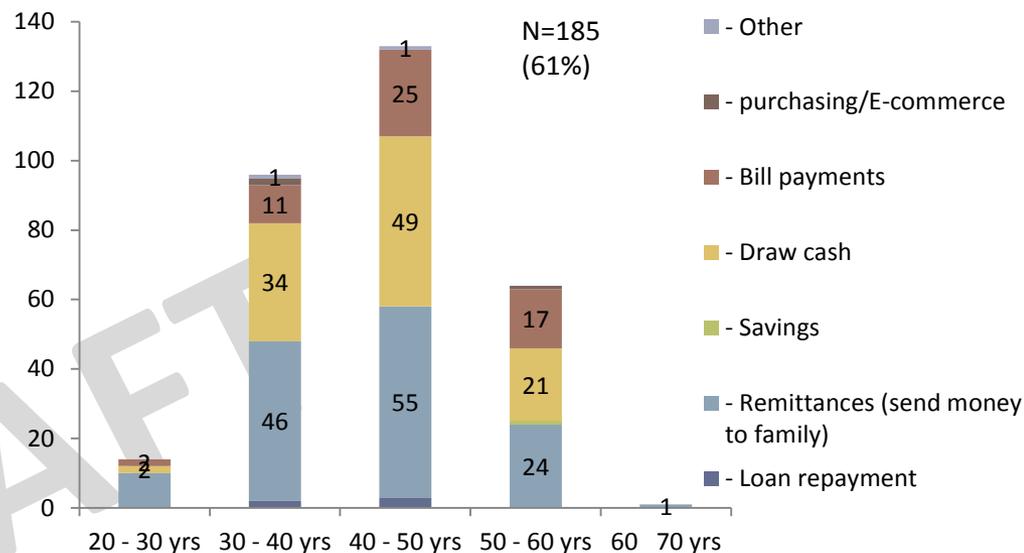
**Willingness to pay for MM (services)**

N=185  
(61%)

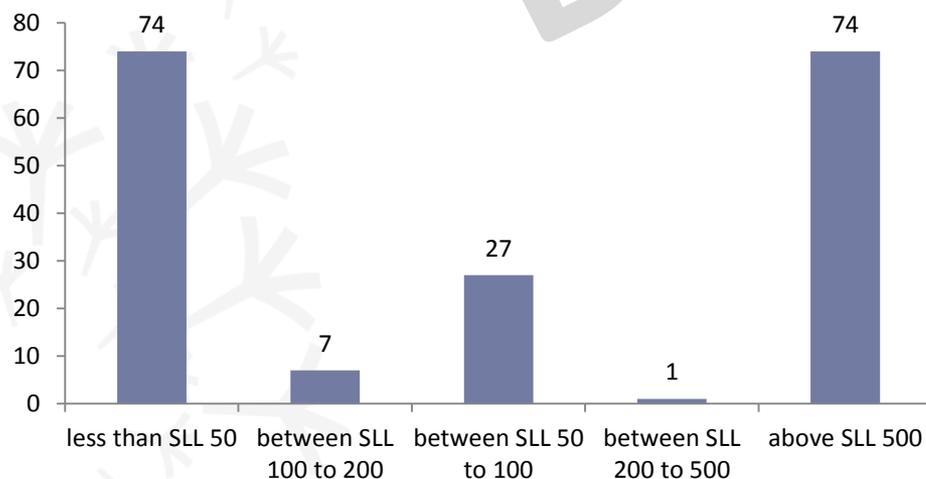


**Willingness to Pay for MM by age**

N=185  
(61%)



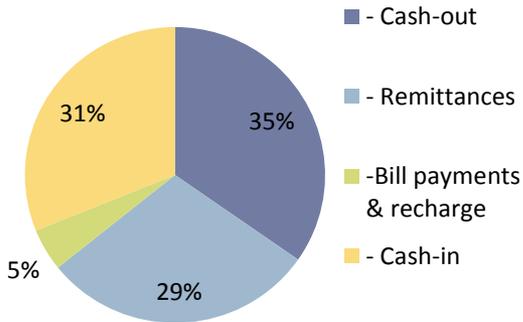
**Willingness to pay for MM (amount in SLL)** N=185 (61%)



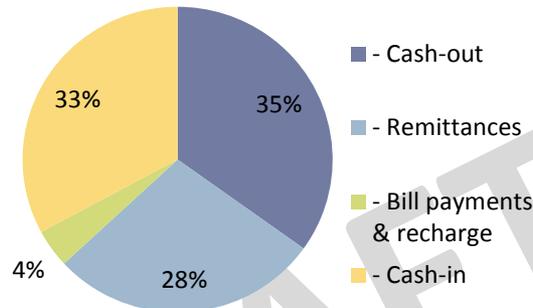
- Generally, respondents are willing to pay for remittances and for drawing cash.
- Respondents in the 40 – 50 years age group are willing to pay for mobile money services such as remittances, drawing cash and bill payments.
- Similarly, respondents in the 30-40 years age group are willing to pay for remittances and drawing cash.
- 74 (25%) out of 185 (61%) respondents are willing to pay less than SLL 50, while 74 are willing to pay above SLL 500 for these services.

# Mobile & DFS – Mobile money agents

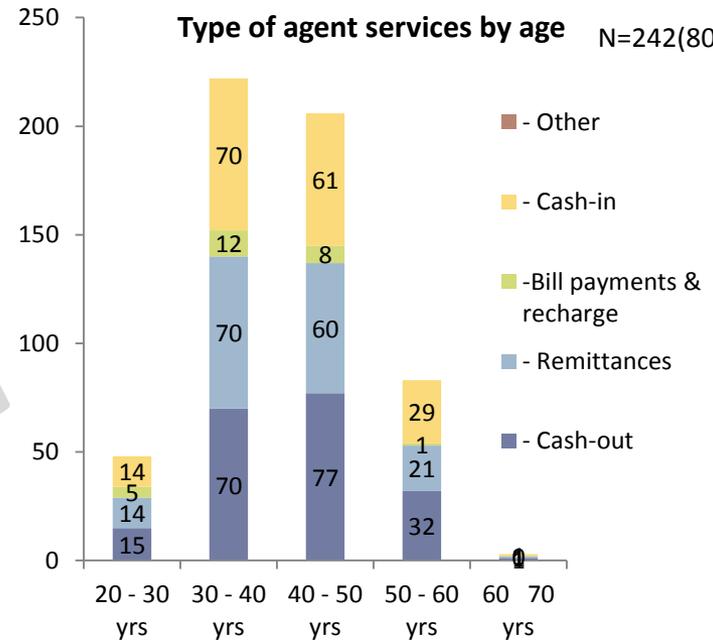
**Type of agent services** N=242 (80%)



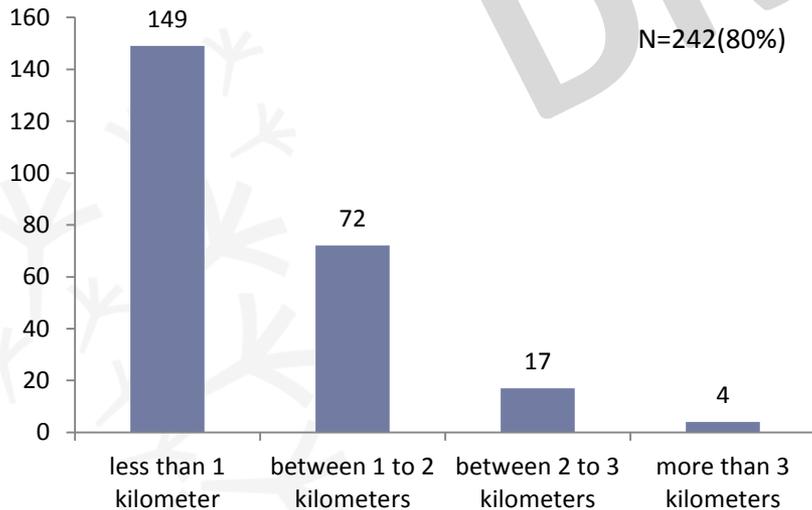
**Agent services used by active customers** N=215 (71%)



**Type of agent services by age** N=242(80%)



**Agent distance** N=242(80%)



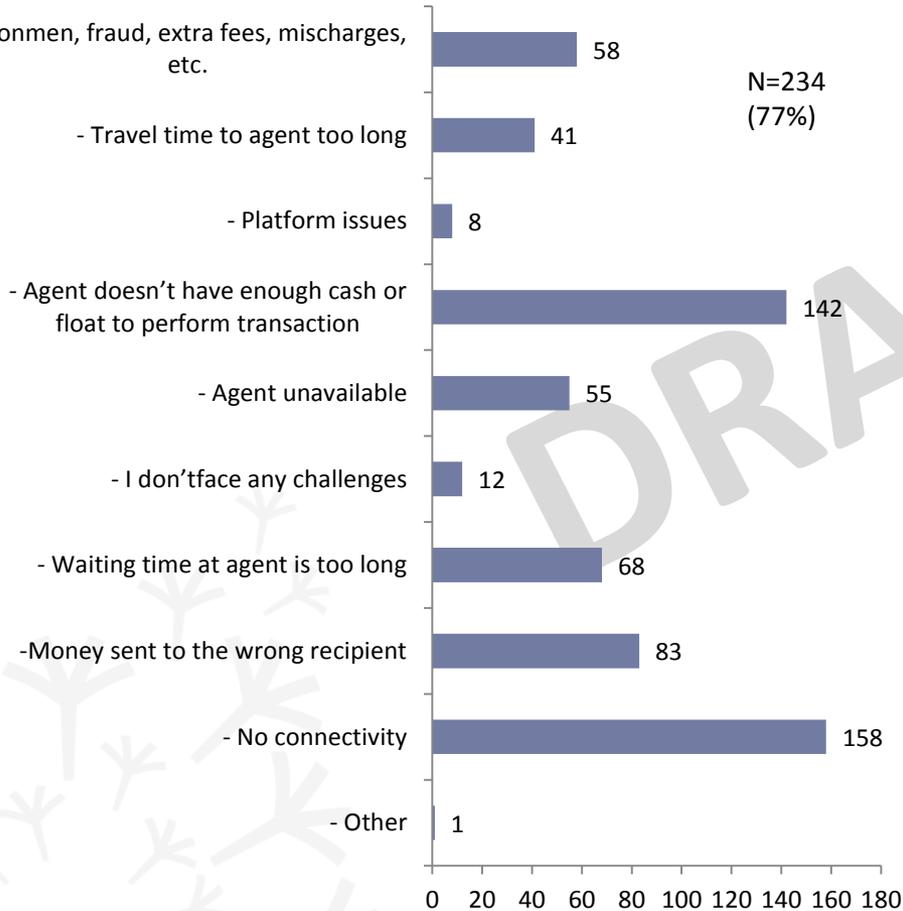
*In Sierra Leone, Splash and Orange together have over 4000 mobile money agents. However, only 50% of them are active (transaction in the last 30 days).*

- Across age groups, mobile money agents are mainly accessed for cash-in and cash-out services. Agents also provide remittance services.
- 149 (49%) out of 242 (80%) respondents have access to agents within 1 km, indicating that agents serve as relatively easier access points.

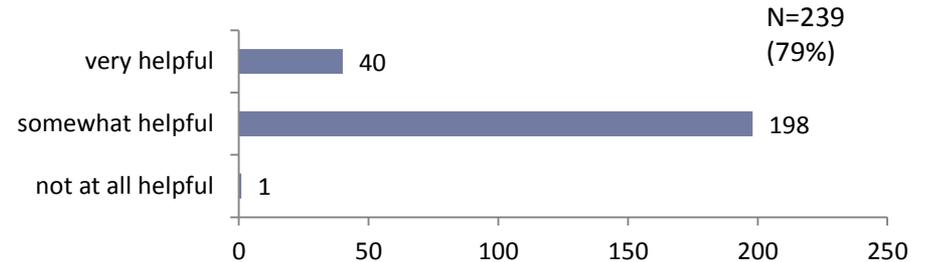
Source: Intelicap Analysis

# Mobile & DFS – Mobile money agents

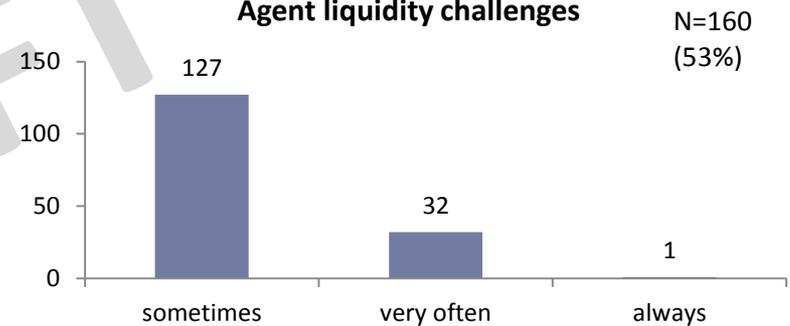
## Agent specific challenges



## Agent service satisfaction



## Agent liquidity challenges



- Around 82% of the respondents find agent services to be somewhat helpful.
- Challenges faced with agents primarily include lack of connectivity and liquidity, followed by long waiting time.
- 83(27%) respondents were worried about money being sent to the wrong recipient.
- Respondents also cited poor availability of agents and fear of fraud as important challenges.

# Key takeaways

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- **The sample for this survey represents the emerging middle class in Sierra Leone.** Mostly from the mature working age group (30-50 years) and predominantly male and married, most respondents earn over the minimum wage rate (SLL 500,000), and have been in stable government jobs for around 6-15 years. While not all respondents shared information about other income, the expenditure and withdrawal data indicates that many would be earning additionally in terms of remittances, agriculture or small shops or businesses. English proficiency, and educational qualifications of the sample are higher than the Sierra Leone average.
- **Most respondents have larger than average-sized households.** While the average household size is 5.6 in Sierra Leone, most respondents have more than 5 family members. They have a number of dependents given that most households have one or two earning family members (including the respondent) only. House ownership is evident only at higher income levels.
- **Household expenditure is skewed towards basic needs (food, health, rent), which are all largely cash expenses.** Respondents also spend significantly on education. Considering income levels and the expenditure basket, mobile expenses are high. However, given the number of family members, it seems low.
- **Banking behavior is currently driven by availability and access of services.** While respondents were happy to receive their salaries in bank accounts, they cited the travel to banks for cashing out as a major challenge. Most respondents prefer to bank with community banks who do not charge for cash-out, and engage with banks once a month for withdrawals of most of their salary. For most respondents, the nearest branch is located within 5 miles.
- **Respondents prefer informal avenues of savings and investments, across age and income groups.** Osusu credit societies are the popular choice apart from pension funds, which is deducted from the salaries.
- **Mobile penetration is nearly 100%, although mobile usage is basic and limited to calling and messaging.** Internet browsing, social media and financial transactions are emerging uses. Intermittent or erratic mobile internet is a challenge.
- **Most respondents are aware of and use mobile money.** Respondents perceive mobile money as a means to conduct financial transactions. While leading mobile service providers offer customers a range of services, respondents predominantly use mobile money for remittances, buying airtime and bill payments. They primarily depend on agents for cashing out, and are concerned about agents liquidity and poor connectivity.

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21. [Communication in Sierra Leone](#), BBC Media Action, 2016

# Phase 2: Use Case Analysis

# Approach for use case identification & pilot design

The Financial Lives Survey indicates that government employees who received their salaries in bank accounts can be encouraged to avail of digital financial services instead of cashing out because

- They face significant discomfort with existing solutions to access their salaries and conduct financial transactions
- They are aware of the importance of savings and investment, but are unable to generate surplus for traditional savings options. Distance from brick-and-mortar banks branches is also a deterrent.
- They are aware of and use mobile money for limited purposes

Map survey findings to use cases

List findings, issues and challenges  
Map use cases to address pain points

Study relevant use cases

Study use cases to examine current status of access and uptake in Sierra Leone, product design, key drivers and barriers, potential applications of the use case and evidence from other countries

Prioritize use cases for Sierra Leone

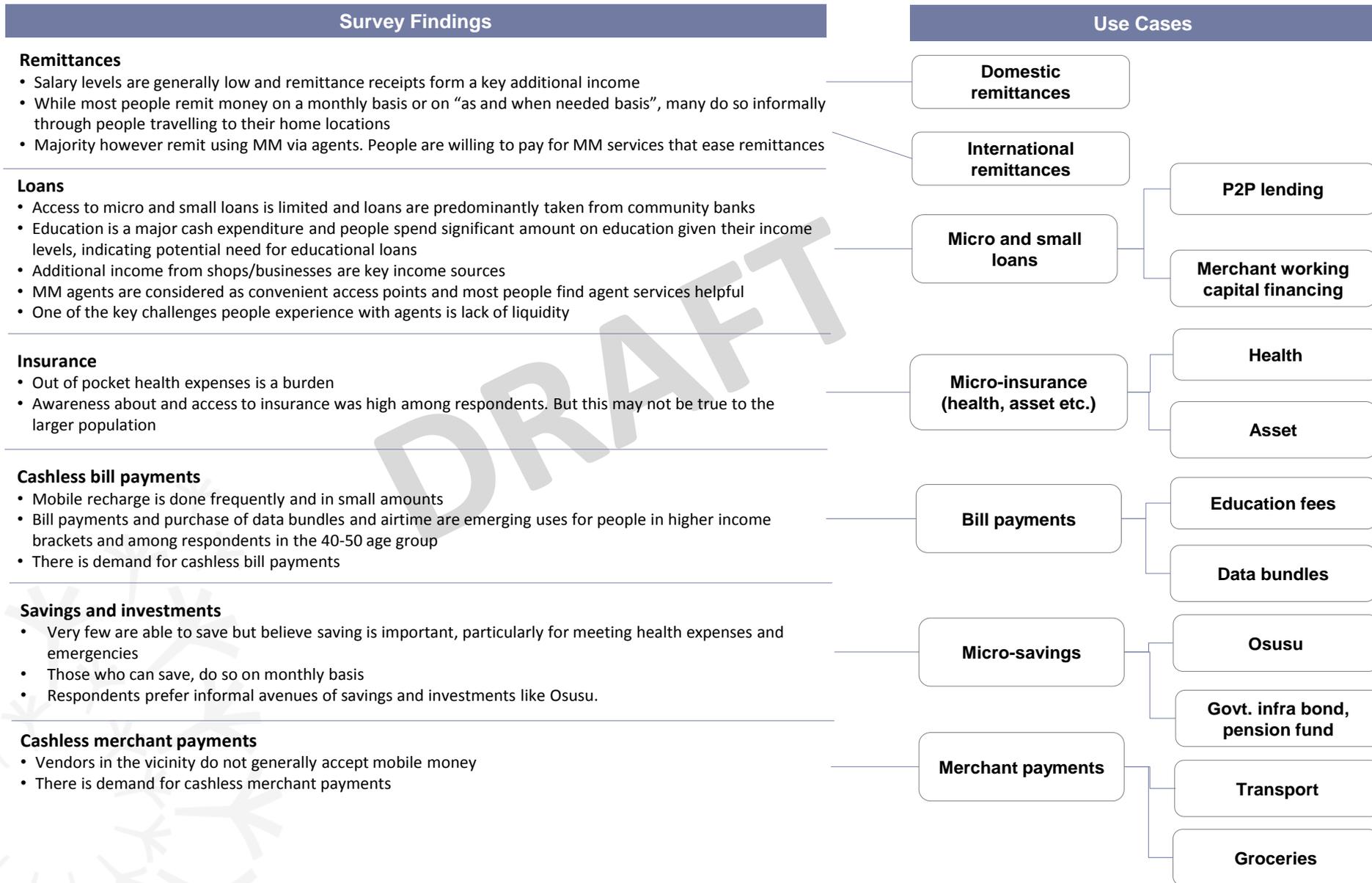
Prioritized the use cases to the context of Sierra Leone across two criteria:  
Ability of the use case to meet a critical need and Ease of implementation

Draft high level pilot implementation

Components of the pilot, suggested activities and timelines and potential impact

# DFS Use Cases

# Mapping of survey findings to potential use cases



# Prioritization of Use Cases

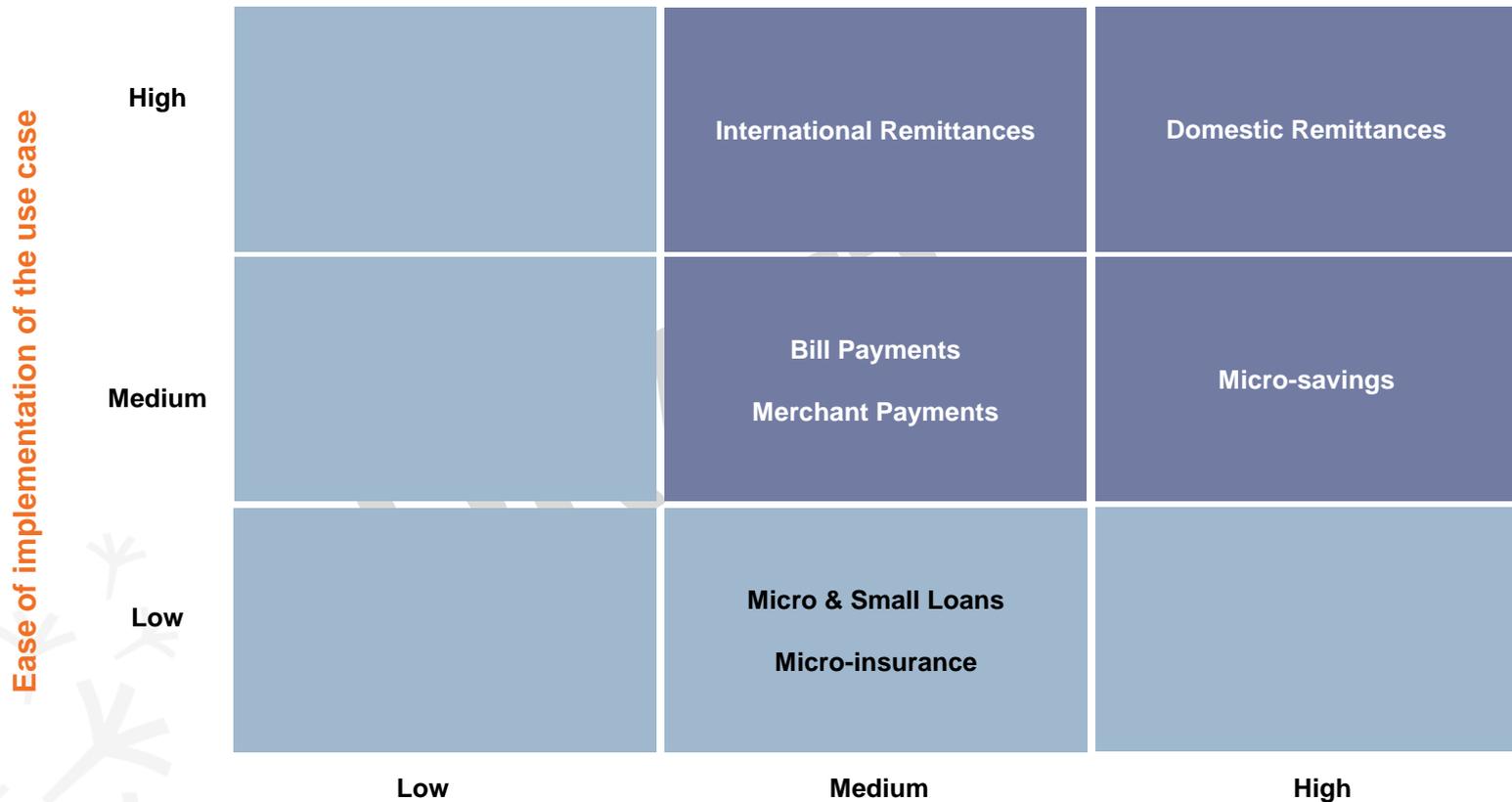
# Criteria used for constructing framework for prioritization of use cases

Given the limited financial inclusion in Sierra Leone, we considered impact and ease of implementation as two key criteria to identify the use cases for pilot testing. Each of these criteria break down into parameters that can be assessed

Guiding Principles	Prioritization Criteria	Description of Criteria
<b>Ability of the use case to fill a critical white-space</b>	<b>Size of current need/ addressable market</b>	Use cases which can potentially serve associated needs of large numbers of people are ranked higher
	<b>Forms building block for other DFS applications</b>	Use cases that form the foundation or basis for other DFS use cases and applications to be deployed and scaled are rated higher
	<b>Ability to build resilience for households against shocks</b>	Use cases that can enable households to protect themselves from shocks and build their resilience are ranked higher
<b>Ease of implementation of the use case</b>	<b>Policy clarity</b>	Use cases that face considerable ambiguity around policy and regulatory provisions are rated lower than those that are governed by clear policies
	<b>Length of transaction thread/ no. of actors</b>	Use cases with long transaction threads and a large number of actors involved are rated lower while those with short and closed ended transaction threads are ranked higher
	<b>Resource availability (infrastructure/ manpower/ systems)</b>	Use cases which have limited resource requirements or for which required resources are available, are rated higher than those that need resources that have to be developed
	<b>Awareness/ Required behaviour change</b>	Use cases which require significant awareness generation and/or behaviour change are assigned lower ranks
	<b>Current availability of service (use case)</b>	Use cases which already exist in Sierra Leone are assigned higher ratings

# Prioritization framework: Use cases that address critical gaps and are relatively easier to implement

This framework suggests prioritizing use cases in the higher quadrants for pilot tests. These are a remittance product, a payments product and micro-savings product.



Ability of the use case to fill a critical white space

Three use cases that score high on both parameters:

- Remittances (domestic and international)
- Payments (bill payments and merchant payments)
- Micro-savings

# Use Case Pilot Recommendations

# Proposed Use Case Pilots

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**Pilot 1 – Remittances**

**Pilot 2 – Payments**

**Pilot 3 – Micro-savings**

DRAFT



# Pilot 1: Remittances – pilot overview

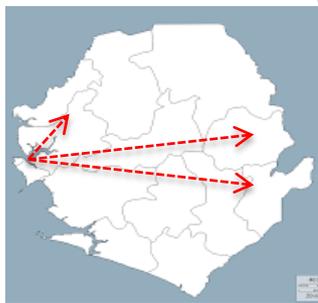
Pilot a remittance solution where a bank and an MNO (with a fintech partner) collaborate. A customer using this service after receiving salary in the bank account can transfer money to his/her mobile wallet and then on to the recipient's mobile wallet. The recipient can either store money in his/her wallet or cash out with an agent. This pilot can be conducted in two districts amongst 2000 government employees. The districts may be chosen from Kono, Kailahun and Port Loko which had significant number of survey respondents who remit money informally through people travelling to their home locations.

## Collaborative Design



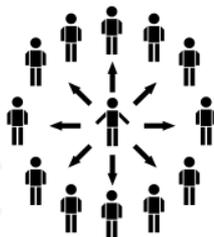
- Facilitate and build partnerships between banks (one commercial bank and/or a couple of community banks in the target districts), an MNO and a fin-tech company to develop the API/tech infrastructure to offer a seamless SMS-based domestic remittance service to government employees and their families/friends.
- Support the mobile money agent network in the two selected districts through working capital finance to facilitate the cash-in and cash-out of mobile remittances at agent locations.
- Consciously keep costs and documentation requirements low

## Market Development



- Conduct targeted awareness and marketing campaigns to facilitate financial literacy, comparing cost of the product with that of other modes of remittance and encouraging the transition from cash to digital remittance.
- The campaigns should focus on highlighting lower cost and build incentives for higher value transactions, easy documentation and the innovative, safe, and exciting service mobile money offers, particularly for small remittance amounts.

## Enabling Conditions



- The survey corroborated the fact that most people in Sierra Leone use basic feature phones without internet or apps, primarily for calling and messaging. The pilot needs to factor in the need for feature phone compatibility and allow for SMS-based remittance.
- Target customers mobile money accounts and should be educated in how to use them
- The central and district administration and BoSL should lend support to the pilot

# Pilot 1: Remittances – proposed activities and timeline

	Phase I – Pilot Design	Phase II – Pilot Preparation	Phase III – Pilot Implementation
Timelines	← 1 month →	← 2 months →	← 6 months →
Objectives	<ul style="list-style-type: none"> <li>To finalize the scope and design of the pilot</li> <li>To identify partners for the pilot</li> </ul>	<ul style="list-style-type: none"> <li>To secure approvals and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>To roll out and implement the pilot</li> </ul>
Activities	<ul style="list-style-type: none"> <li>Identify suitable pilot locations</li> <li>Identify commercial bank and/or community banks and MNOs</li> <li>Design marketing campaigns and stakeholder incentives</li> <li>Define social outcomes and design M&amp;E framework</li> <li>Estimate resource requirements and finalize rollout plan</li> </ul>	<ul style="list-style-type: none"> <li>Secure requisite approvals from central government and district councils</li> <li>Select banks and MNO and broker and finalize collaborations between them</li> <li>Select fintech company responsible for building/tailoring API and infrastructural linkages between banks and MNO</li> <li>Secure buy-in from mobile money agents</li> </ul>	<ul style="list-style-type: none"> <li>To build capacities of mobile money agents, provide them working capital</li> <li>To conduct marketing campaigns</li> <li>To ensure incentives are passed on to customers and agents</li> <li>To capture and analyze remittance transaction data and consumer behaviour</li> </ul>
Stakeholders	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>MNOs</li> <li>Commercial banks</li> <li>Community banks</li> <li>Fintech companies</li> <li>BoSL</li> <li>Central government and district councils of target districts</li> </ul>	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>Selected MNO</li> <li>Selected commercial bank and/or community banks</li> <li>Fintech company</li> <li>Selected mobile money agents</li> <li>BoSL</li> <li>Central government and district councils of target districts</li> </ul>	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>Selected MNO</li> <li>Selected commercial bank and/or community banks</li> <li>Fintech company</li> <li>Selected mobile money agents</li> </ul>

# Pilot 1: Remittances – potential impact

## What does collective success look like?

Development of an **innovative and demand-driven mobile based remittance solution** and ensuring its uptake amongst government employees in target pilot district

### Objectives

- Collaboration between commercial bank and/or community banks and MNO
- Incentivizing mobile money agents to deliver mobile based remittances
- Transitioning target government employees from cash based remittances to mobile money based transfers
- Refine model and build evidence for further replication across Sierra Leone

### Outcome targets

- Financial and technical assistance and capacity building of 10 mobile money agents
- Transitioning 2000 government employees to adopt the digital remittance solution
- Each of the government employees on an average conduct at least 2 payment transactions per month for 4 months using the solution, amounting at least 16,000 transactions by the end of the pilot

### Typical financing needs

- USD 1000 worth of support for each of the 10 mobile money agent including training and working capital support, amounting a total of USD 10,000
- USD 50,000 for market development including awareness generation, collateral, and customer incentives

# Proposed Use Case Pilots

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**Pilot 1 – Remittances**

**Pilot 2 – Payments**

**Pilot 3 – Micro-savings**

DRAFT



# Pilot 2: Payments – pilot overview

Pilot an SMS based one-stop-shop payments solution in one district by bringing together key stakeholders to facilitate a range of merchant and bill payment options for 500 government employees. A customer using this service after receiving salary in the bank account can transact with a local merchant for not only his merchandise but also to buy airtime, to make routine payments like transport charges for commute to work and school fees. The merchant in turn, pays his suppliers, the MNO, schools and transport operator either in their bank accounts or mobile wallets. They can choose to cash out with agents. Kailahun can be chosen as the pilot district as it reflects the maximum number of survey respondents who have used mobile money for bill payments and merchant payments, but not through a one-stop solution and not on a frequent basis.

## Collaborative Design



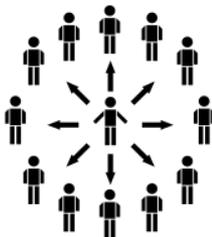
- Facilitate and build partnerships between banks (one commercial bank and/or a community bank in the target district), an MNO, a popular transport operator, three to five popular schools in the district, local merchants and a fin-tech company to offer a one-stop merchant payment and bill payment service to target government employees.
- Support a select set of local merchants in the pilot district through training and working capital finance to facilitate the merchant and bill payments.

## Market Development



- On-board a transport operator and a few schools in the target district on to the system
- Conduct tailored awareness and marketing campaigns to encourage adoption of the one-stop-shop solution by customers, merchants, schools (convenience), transport operator (convenience) and vendors.
- Develop incentives for customers (discounts, reward points, cash back), merchants (credit based on volume of transactions), schools (convenience), transport operator (convenience) and vendors.
- The campaigns should focus on the innovative, safe, and convenient bouquet of services mobile money offers, particularly for small recurring transactions

## Enabling Conditions



- The pilot needs to factor in the need for feature phone compatibility and allow for SMS-based transactions.
- Target customers should have mobile money accounts
- For the suppliers and the transport operator to be able to cash out, the districts must have a reasonably large mobile money agent network and relevant agents need to be made aware and brought on board.
- The vendors, transport operator and the schools must have bank accounts and mobile money accounts.
- The central and district administration and BoSL should lend support to the pilot

# Pilot 2: Payments – proposed activities and timeline

	Phase I – Pilot Design	Phase II – Pilot Preparation	Phase III – Pilot Implementation
Timelines	← 1 month →	← 3 months →	← 6 months →
Objectives	<ul style="list-style-type: none"> <li>To finalize the scope and design of the pilot</li> <li>To identify partners for the pilot</li> </ul>	<ul style="list-style-type: none"> <li>To secure approvals and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>To roll out and implement the pilot</li> </ul>
Activities	<ul style="list-style-type: none"> <li>Identify suitable pilot locations</li> <li>Identify commercial bank and/or community banks and MNOs</li> <li>Identify schools and transport operator</li> <li>Design marketing campaigns and stakeholder incentives</li> <li>Define social outcomes and design M&amp;E framework</li> <li>Estimate resource requirements and finalize rollout plan</li> </ul>	<ul style="list-style-type: none"> <li>Secure requisite approvals from central government and district councils</li> <li>Select banks and MNO and broker and finalize collaborations between them</li> <li>Select fintech company responsible for building/tailoring API and infrastructural linkages between banks and MNO</li> <li>Select and secure buy in from schools and transport operator</li> <li>Secure buy-in from local merchants</li> </ul>	<ul style="list-style-type: none"> <li>To build capacities of local merchants, schools, transport operator and provide the merchants them working capital</li> <li>To conduct marketing campaigns</li> <li>To ensure incentives are passed on to customers and merchants</li> <li>To capture and analyze transaction data and consumer behaviour</li> </ul>
Stakeholders	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>MNOs</li> <li>Commercial banks</li> <li>Community banks</li> <li>Popular transport operators</li> <li>Schools</li> <li>Fintech companies</li> <li>BoSL</li> <li>Central government and district council of target district</li> </ul>	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>Selected MNO</li> <li>Selected commercial bank and/or community bank</li> <li>Selected fintech company</li> <li>Selected schools</li> <li>Selected transport operator</li> <li>Selected local merchants</li> <li>BoSL</li> <li>Central government and district council of target district</li> </ul>	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>Selected MNO</li> <li>Selected commercial bank and/or community banks</li> <li>Selected fintech company</li> <li>Selected schools</li> <li>Selected transport operator</li> <li>Selected local merchants</li> </ul>

# Pilot 2: Payments – potential impact

## What does collective success look like?

Development of an innovative **one-stop-shop payments solution** to deliver a range of merchant and bill payment options and driving its uptake amongst government employees in target pilot district

### Objectives

- Collaboration between commercial bank and/or community bank and MNO
- Encouraging schools and transport operators to accept mobile money payments
- Incentivizing local merchants to accept cashless payments and deliver other merchant and bill payment services
- Transitioning target government employees from cash based recurring transactions to mobile money based payments
- Refine model, build evidence for further replication across Sierra Leone and add more merchant and bill payment options

### Outcome targets

- Financial and technical assistance and capacity building of 10 local merchants
- Transitioning 500 government employees to adopt the digital remittance solution
- Each of the government employees on an average conduct at least 5 payment transactions per month for 4 months using the solution, amounting at least 10,000 transactions by the end of the pilot

### Typical financing needs

- USD 1000 worth of support for each of the 10 local merchants including training, and working capital support amounting a total of USD 10,000
- USD 50,000 for market development including awareness generation and incentives for customers and merchants

# Proposed Use Case Pilots

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**Pilot 1 – Remittances**

**Pilot 2 – Payments**

**Pilot 3 – Micro-savings**

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# Pilot 3: Micro-savings – pilot overview

Pilot a SMS based solution in two districts by bringing together key stakeholders to provide a micro-savings option for 1,000 government employees. A customer using this service after receiving salary in the bank account can remotely view their bank balance on a dashboard, cash-in and cash out with an agent or channelize idle bank balance into the micro-savings product. Kailahun and Tonkolili can be chosen as the two pilot districts as they had the maximum number of respondents who said they are able to save on a monthly basis.

## Collaborative Design



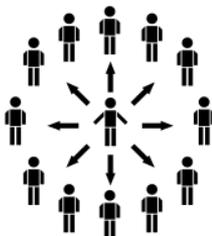
- Create partnerships between banks (one commercial bank and/or community banks in target districts), an MNO, mobile money agents and a fin-tech company to offer a micro-savings product like a short term fixed or recurring deposits to the target government employees.
- Design a dashboard/interface and a savings product whereby the customers to remotely view their bank balance, and channelize idle bank balance into the savings product.
- Build capacity of mobile money agents to facilitate uptake of the savings product. Provide them working capital support (for cash out) and marketing collateral

## Market Development



- Conduct targeted awareness and marketing campaigns with a focus on savings needs like health and emergencies and how idle money can grow
- Develop incentives for the customers (save to win prizes like airtime) and mobile money agents (commission incentives for new FDs/RDs)
- The campaigns should focus on the innovative, safe, and convenient (easy access, limited documentation) savings services that mobile money offers to enable customers gain more control over their finances and how to deploy them and generate returns.

## Enabling Conditions



- The pilot needs to factor in the need for feature phone compatibility and allow for SMS-based cash-in/cash-out and savings and investment transactions.
- Target customers should have mobile money accounts. The solution needs to integrate bank accounts with mobile money accounts of the customers to enable them to access a dashboard of their bank account on their mobiles.
- A network of active agents for outreach and the agents should be motivated to conduct outreach and convince customers to sign up for the savings product
- The central and district administration and BoSL should lend support to the pilot

# Pilot 3: Micro-savings – proposed activities and timeline

	Phase I – Pilot Design	Phase II – Pilot Preparation	Phase III – Pilot Implementation
Timelines	← 1 month →	← 3 months →	← 6 months →
Objectives	<ul style="list-style-type: none"> <li>To finalize the scope and design of the pilot</li> <li>To identify partners for the pilot</li> </ul>	<ul style="list-style-type: none"> <li>To secure approvals and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>To roll out and implement the pilot</li> </ul>
Activities	<ul style="list-style-type: none"> <li>Identify suitable pilot locations</li> <li>Identify commercial bank and/or community banks and MNOs</li> <li>Design marketing campaigns and stakeholder incentives</li> <li>Define social outcomes and design M&amp;E framework</li> <li>Estimate resource requirements and finalize rollout plan</li> </ul>	<ul style="list-style-type: none"> <li>Secure requisite approvals from central government and district councils</li> <li>Select banks and MNO and broker and finalize collaborations between them</li> <li>Select fintech company responsible for building/tailoring API and infrastructural linkages between banks and MNO</li> <li>Select and secure buy in from mobile money agents</li> </ul>	<ul style="list-style-type: none"> <li>To build capacities of mobile money agents and provide them working capital (for cash out)</li> <li>To conduct marketing campaigns</li> <li>To ensure incentives are passed on to customers and merchants</li> <li>To capture and analyze transaction data and consumer behaviour</li> </ul>
Stakeholders	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>MNOs</li> <li>Commercial banks</li> <li>Community banks</li> <li>Fintech companies</li> <li>ATM/POS technology providers</li> <li>BoSL</li> <li>Central government and district councils of target districts</li> </ul>	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>Selected MNO</li> <li>Selected commercial bank and/or community bank</li> <li>Selected fintech company</li> <li>Selected mobile money agents</li> <li>BoSL</li> <li>Central government and district council of target district</li> </ul>	<ul style="list-style-type: none"> <li>Implementation agency</li> <li>Selected MNO</li> <li>Selected commercial bank and/or community banks</li> <li>Selected fintech company</li> <li>Selected mobile money agents</li> </ul>

# Pilot 3: Micro-savings – potential impact

## What does collective success look like?

Creation of an **innovative mobile based solution** that provides access to a savings product and ensuring its uptake amongst government employees in two target pilot districts

### Objectives

- Collaboration between commercial bank and/or community banks and MNO
- Incentivizing mobile money agents to popularize and drive uptake of mobile based savings
- Transitioning target government employees to adopt mobile money based savings
- Refine model, build evidence for further replication across Sierra Leone and add more savings products to the portfolio

### Outcome targets

- Financial and technical assistance and capacity building of 20 mobile money agents
- Transitioning 1,000 government employees to adopt the micro-saving solution
- Each government employee on an average conducts at least 1 savings transactions per month for 4 months using the solution, amounting at least 4,000 transactions by the end of the pilot

### Typical financing needs

- USD 500 worth of support for each of the 20 mobile money agents including training, working capital support amounting a total of USD 10,000
- USD 10,000 worth of incentives for mobile money agents
- USD 40,000 for market development including awareness generation and incentives for customers and mobile money agents

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