

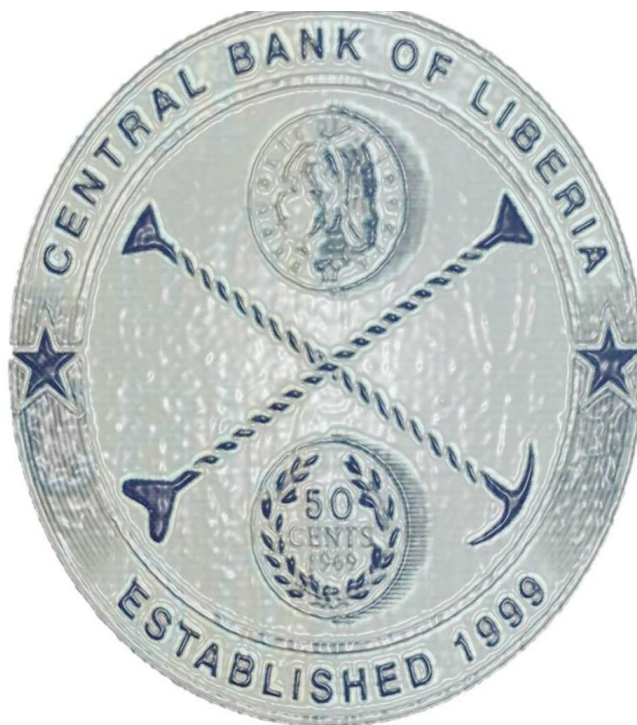
Vision: To build a sustainable financial sector deeply rooted in digital financial services (DFS) in order to provide access to and enhance usage of a wide range of affordable financial services.

Pillar 1: Access to Financial Services and Credit

Pillar 2: Digital Financial Services

Pillar 3: Consumer Protection and Financial Capability

Liberia Financial Inclusion Report (LFIR) 2020



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Acknowledgement

The Government of Liberia (GoL) through the National Financial Inclusion Steering Committee (NFISC) extends gratitude to all those who have worked to produce this report. Special thanks go to the staff of the secretariat of the National Financial Inclusion Strategy (NFIS) implementation, the Financial Sector Development Unit (FSDU) of the Central Bank of Liberia (CBL) that coordinated the drafting of the report. Additionally, the contributions of the Regulation and Supervision Department (RSD) and the Payments System Department (PSD) of the CBL have greatly shaped and illuminated this report.

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Acronyms & Glossary

| | |
|---------|---|
| ACH | Automated Clearing House |
| ADR | Alternate Dispute Resolution |
| AFI | Alliance for Financial Inclusion |
| AML/CFT | Anti-Money Laundering/Countering the Financing of Terrorism |
| ATM | Automated Teller Machine |
| CBL | Central Bank of Liberia |
| CICO | Cash-in Cash-out |
| CP | Consumer Protection |
| DFS | Digital Financial Services |
| EFT | Electronic Fund Transfer |
| FIA | Financial Institutions Act |
| FIB | Financial Inclusion Baseline Survey |
| FIS | Financial Inclusion Secretariat |
| FSDIP | Financial Sector Development Implementation Plan |
| FSDU | Financial Sector Development Implementation Unit |
| FX | Foreign Exchange |
| G2P | Government to Person |
| G2B | Government to Business |
| P2G | Person to Government |
| GPFI | Global Partnership for Financial Inclusion |
| GDP | Gross Domestic Product |
| GoL | Government of Liberia |
| IC | Implementation Committee |
| IFC | International Finance Corporation |

| | |
|-------|--|
| IFMIS | Integrated Financial Management Information System |
| IMF | International Monetary Fund |
| KFS | Key Fact Statement |
| KYC | Know Your Customer |
| M&E | Monitoring and Evaluation |
| MDI | Deposit-taking Microfinance Institution |
| MFDP | Ministry of Finance and Development Planning |
| MFI | Microfinance Institution |
| MIS | Management Information System |
| MNO | Mobile Network Operator |
| MSME | Medium, Small and Micro Enterprises |
| LBA | Liberia Banker Association |
| LCUNA | Liberian Credit Union National Association |
| LRD | Liberian Dollar |
| NAMI | National Association for Microcredit Institutions |
| NBCI | Non-bank Credit Only Institution |
| NBFI | Non-bank Financial Institution |
| NEPS | National Electronic Payment Switch |
| NFES | National Financial Education Strategy |
| NFIS | National Financial Inclusion Strategy |
| NFISC | National Financial Inclusion Steering Committee |
| NIR | National Identification Registry |
| NPL | Non-Performing Loans |
| PAPD | Pro-Poor Agenda for Prosperity and Development |
| POS | Point-of-Sale |

| | |
|------|---|
| PSA | Payment Systems Act |
| PSD | Payment Systems Department |
| RCFI | Rural Community Financial Institution |
| RTGS | Real Time Gross Settlement |
| RSD | Regulation and Supervision Department |
| SDG | Sustainable Development Goal |
| SSA | Sub-Saharan Africa |
| SSS | Securities Settlement System |
| USD | United States Dollar |
| USSD | Unstructured Supplementary Service Data |
| VSLA | Village Savings and Loan Association |
| WBG | World Bank Group |

Message from the Executive Governor and Chairman of the NFISC



With great excitement and courage to surmount the obstacles of the moment, we launched the NFIS 2020-2024 in December 2019. No doubt, the first year of implementation (2020) was overshadowed by challenges of Covid-19 and its attending consequences on the financial system and the economy at large. Notwithstanding the risks that abound, our disposition has been to take advantage of the opportunities, both hidden and conspicuous, that accompany the pandemic. One clear area of opportunity has been the need to increase digitization of financial services to facilitate safe and secured transactions. As this report shows, we are encouraged by the strides we have made on this front and we are even more inspired to increase the gains in the

years ahead.

As a result of providence, the NFIS 2020-2024 is anchored on Digital Financial Services, with the other two mutually reinforcing pillars being Access to Financial Services & Credit, and Consumer Protection & Financial Capability. Pursuing more digital modes of financial transactions has helped in navigating the uncharted waters of the pandemic. We can certainly get more people financially included by exploiting the digital miracle. As we make advances on effecting regulatory changes to provide the right environment for digital innovation to thrive and make huge investments in our digital infrastructures, we must take the population along. As enunciated in our first monetary policy press release for 2021, the CBL is embarking upon extensive sensitization to engender further take-up of digital financial services.

We call on all to take advantage of the existing opportunities in the financial space to facilitate digital transactions. Specifically, the youths and women (two groups that historically have low financial inclusion rates) are encouraged to embrace the digital revolution, serving not just as mere users but also entrepreneurs in the digital space. In the months ahead, we shall engage various stakeholders including central government to take much more targeted actions to increase digital transactions. We shall also harness efforts by our international partners to improve on funding mechanisms for MSMEs – this is very pivotal for the post Covid-19 economic recovery and the attainment of major financial inclusion milestones as envisaged by the NFIS.

Let me conclude by appreciating all that continue to work to make our national financial inclusion efforts successful. I enjoin all our partners and domestic stakeholders to accelerate their interventions intended to advance the financial inclusion activities that have been highlighted in this report.

Thank you.

Hon. Jolue Aloysius Tarlue, Jr.
Executive Governor/ CBL
Chair/ NFISC

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Financial inclusion in Liberia is growing but still lags some of the targets set in the NFIS. Although the Covid-19 pandemic served as a headwind to the attainment of some of the NFIS activities, the circumstances associated with Covid-19 induced increased utilization of digital financial services especially mobile money. Registered mobile money accounts increased by 39% from 3.5 million in 2019 to 4.92 million in 2020. Also, mobile money agents increased by 136% from 13,158 in 2019 to 31,084 in 2020.

As a bid to further promote innovative means of creating access to finance, a digital credit regulation has been finalized. This will allow banks, MFIs, FinTechs, etc.... to expand credit especially to low-income earners in a cost-effective manner. Additionally, industry engagements continued during the year 2020 to help bolster agent banking across the county. An uptake in agency banking will expedite the country's efforts to reach more people with financial products and services at low cost and increased quality of consumer experience.

Although lower than expected, over the years there has been improved access to credit for SMEs including for business start-ups, contracts pre-financing, and markets. As part of policy measures to address the impact of Covid-19 on MSMEs, the Post-Ebola Recovery Financing Facility which the GoL received from the World Bank in 2016 is being modified for possible scaling up. The facility operational manual has been amended to allow flexible terms under the scheme and facilitate grant extension for performing MFIs. The Collateral Registry System operated by the CBL continue to serve the financial sector. SMEs continue to use different kinds of movable assets as collateral to secure loans.

Regarding critical financial sector infrastructures, to boost access to finance, work is ongoing to upgrade the existing credit reference system at the CBL to an automated system to support holistic credit reporting and improve the credit culture and KYC. Also, the WBG conducted a comprehensive assessment of the national payment switch and has advanced several recommendations geared towards optimizing the full benefits of the switch. The full operationalization of the national switch is a significant key step in further propelling the digitization efforts in the country.

Moreover, amendments have been made to the consumer protection/redress framework. The amended consumer protection regulation provides the users of financial products and services the avenues of redress aimed at improving customers' service. Consumers' protection helpdesks are operational at the CBL, all commercial banks and the two mobile money service providers. A consumer protection portal has also been created on the CBL's website. Notwithstanding the foregoing, resources are needed to rollout a robust consumer awareness program in keeping with the National Financial Education Strategy.

To fully actualize the aspirations of the NFIS, stakeholders will need to garner the necessary resources in time. While full costing of the implementation of the NFIS is being prepared by the secretariat, partners such as the WBG and UNDP are already being engaged on the possibility of funding key projects/activities of the NFIS. The CBL and the GoL at large are also committed to devoting resources to the implementation of the NFIS.

2.0 Introduction

In 2009 Liberia joined the Alliance for Financial Inclusion (AFI), a global alliance seeking to provide smart policies to decrease the number of unbanked populations by transitioning them into the formal financial sector. Since joining AFI, the country has produced and implemented

two NFIS documents. The first was for 2009 – 2013 and the second for 2014 – 2018. The third NFIS, 2020 – 2024 which was launched in December 2019 is currently being implemented.

The NFIS 2014 – 2018 implementation report was produced and published on the CBL's Website in 2019. Besides the NFIS, the Central Bank of Liberia is pursuing its commitments under the Maya Declaration and it has also developed and is implementing the Denarau Action Plan which focuses on enhancing women financial inclusion based on the Maya Declaration. The Maya Declaration is a global initiative for responsible and sustainable financial inclusion that aims to reduce poverty and ensure financial stability for the benefit of all. It is the first global and measurable set of financial inclusion commitments by developing and emerging economies.

Meanwhile, a National Financial Inclusion Survey has been approved by AFI based on a request from the CBL. The survey is to be implemented in 2021. The outcomes of the survey would provide updated information to better measure the achievements of the current NFIS implementation. Additionally, a good number of the benchmarks set for the NFIS implementation leveraged the Global Findex 2017 database. The Global Findex database is a triennial publication, and as such the next update will be available later during 2021 for 2020 data. Upon the release of the 2020 Findex database, the result framework in the annex of this report will be updated accordingly. This report is the first update report on the implementation of the 2020 – 2024 NFIS.

The current NFIS seeks to achieve three (3) key pillars and the implementation of the National Financial Education Strategy. Each pillar is anchored on the achievement of specific objectives. Pillar (I) Access to Financial Services and Credit is anchored on the expansion and diversification of access Points, professionalizing the NBFIS Sector and promoting access to credit. Pillar (II) Digital Financial Services is anchored on DFS Legal/Regulatory Framework and Institutional Capacity, Oversight Framework, Facilitating DFS Usage, and Leveraging Large

Volume Flows to Increase Digital Payments and Financial Inclusion. Under Pillar (III), Consumer Protection and Financial Capability, the objectives are to achieve enhanced Consumer Protection and Financial Capability and implement the roadmap of the financial education strategy.

This NFIS (2020 – 2024) annual report provides updates on the achievements in the financial inclusion sphere in Liberia for the year 2020, showcasing key financial inclusion segments of the financial sector in line with the NFIS pillars and objectives. Section 3 that immediately follows this introduction deals with the implementation updates of the key actions itemized under the three pillars of the NFIS.

Other focus areas in this report include partners and stakeholders' engagements- Section 4, the outlook for 2021- Section 5, Conclusion & Recommendation- Section 6 and the Appendix. The appendices at the end of the report provide the results framework for the national financial inclusion strategy and other key indicators/ matrices for financial inclusion in Liberia.

3.0 Pillars Implementation

3.1 Access to Financial Services and Credit – Pillar I

3.1.1 Expand and Diversify Access Points

The NFIS recognizes that limited access points to financial services is a major barrier to financial inclusion in Liberia. Therefore, the strategy emphasizes increasing access points such as the number of ATMs and bank branches including agency network to facilitate greater access to the unserved and underserved population. While it takes a lot of resources overtime to surmount the infrastructural challenges which are positively correlated to the low access points especially in the rural areas, innovative solutions such as expanding agency network is proving to be useful in increasing access across Liberia.

The number of registered e-money customers increased by 39% for mobile money services from 3,544,045 registered users in 2019 to 4,916,758 million in 2020. For the same period, total agents increased by 136% from 13,158 to 31,084 agents. Liberia digital ecosystem comprises a network of 5 Digital Platforms, 8 Digital Channels and 7 other financial products and Services. During 2020 the number of bank branches remained at 86 as reported for 2019.

The activities earmarked by the NFIS in expanding and diversifying access points across Liberia are: (1) Support expansion of physical network of access points based on analytically driven assessments (2) Amend Agent Banking regulations to facilitate agent non-exclusivity and harmonize with requirements that pertain to mobile money agents (3) Develop a training of trainer's program to support the uptake of agent banking (4) Establish tiered system for account opening and roll out corresponding basic transaction accounts; and (5) Promote policies to support linkages between formal financial sector and VSLAs. Below are the implementation updates along these five activities:

Support expansion of physical network of access points based on analytically driven assessments: A Technical Assistance (TA) mission of the World Bank Group was remotely fielded during 2020 that worked with selected commercial banks with the aim of supporting the expansion of their agency banking network. With the support of the CBL, the mission worked closely with the United Bank for Africa Liberia Limited and Ecobank Liberia Limited and had brief interactions with GN Bank (now SIB) Liberia Limited. The approach of the mission

has been to engage the financial institutions that are already rolling out agency banking first and support those that are yet to start later.

The mission's report has advanced lots of policy recommendations including amending the agency banking regulation to expedite the onboarding of agents. These recommendations are under review and consideration by the CBL. Moreover, under the ongoing engagement with the World Bank Technical Team, consideration is being given to procure an IT solution for the CBL that will facilitate seamless agent approval and monitoring. The provision of kiosks for and/or subsidies to financial institution agents especially in underserved locations is also being discussed as an area of potential investment support.

Amend Agent Banking regulations to facilitate agent non-exclusivity and harmonize with requirements that pertain to mobile money agents: The Agent Banking Regulation is currently under review to among other things address the recommendations of the WB TA Mission.

Develop a training of trainer's program to support the uptake of agent banking: This activity was not done in 2020, however, plans are underway to have industry wide training as well as cross-country study visits in 2021.

Establish tiered system for account opening and roll out corresponding basic transaction accounts: Under the AML/CFT regulatory framework in Liberia, financial institutions are already using a tiered system for account opening. However, corresponding basic transaction accounts have not been introduced by banks. The success in account ownership is mainly driven by mobile money account holders. Two main factors that have limited account opening at banks are documentation requirements and cost. The introduction and promotion of the biometric National Identification across the country provide the potential to reduce the documentation problem. To this end, one of the Covid-19 economic recovery programs by the GoL (Direct Cash Transfers Scheme) includes the provision of biometric National IDs for

about 80,000 vulnerable households. With the average monthly charge for a bank account being US\$10.00 (L\$1,700.00), more industry consultations are needed so that low/non income earners can have access to basic bank transaction accounts.

Promote policies to support linkages between formal financial sector and VSLAs: A concept note has been developed and it is being reviewed for linking informal financial groups such as VSLAs to the formal financial sector. The plan is to leverage digital technology to design products that will be appropriate to the various informal groups, mainly targeting women.

3.1.2 Professionalizing the NBFI Sector

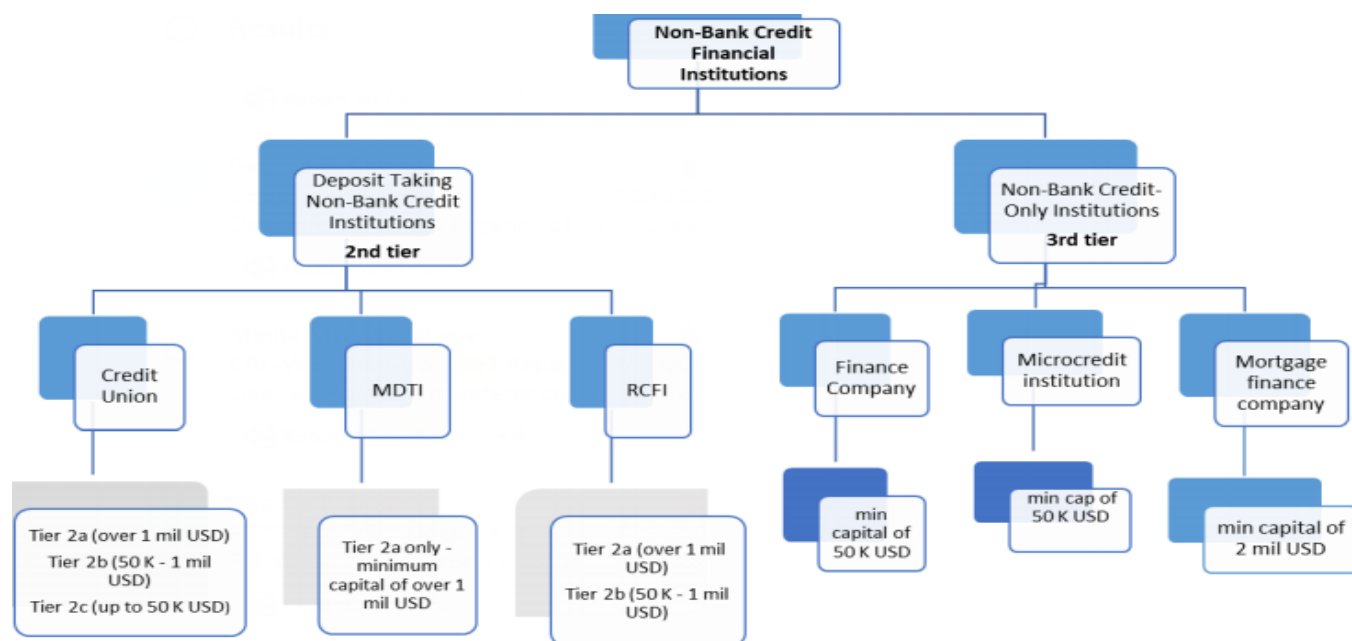
The NBFI sector bears great potential to help accelerate the financial inclusion drive of Liberia. However, a great deal of work is required in strengthening governance, internal controls, and outreach. As most NBFIs do not submit regular returns to the CBL, measuring the size and performance of the sector is difficult. The need is even high to reform the legal and regulatory framework under which the sector operates as well as build capacity for regulators and the industry players.

The key actions to be implemented under the NFIS aimed at strengthening and professionalizing the NBFI sector are: (1) Adopt and implement tiered regulatory framework for NBFIs (2) Bolster supervision of MFIs, including capacity building for CBL examiners (3) Establish clear guidelines and formal agreement on the role of Afriland Bank with RCFIs (4) Improve overall MFI operational capacity; and (5) Improve MFIs' reporting to the CBL. Below are the implementation updates along these five activities:

Adopt and implement tiered regulatory framework for NBFIs: With technical assistance from the World Bank Group, a tiered regulatory framework for NBFIs has been developed. The Financial Stability Committee of the CBL has already reviewed and adopted the framework document pending review and approval by the CBL's board of governors and subsequent publication. Collectively, Non-bank Credit Only Financial Institutions (NBCOs), Credit Unions, Micro-finance

Deposit-taking Institutions (MDIs), and Rural Community Finance Institutions (RCFIs) comprise the NBFIs in Liberia. Within each type, tiers have been introduced based on capital levels and permitted activities (see fig. 1).

Figure 1: Schematic Diagram of Categories of Institutions under the NBFIs Reform



Source: CBL and World Bank Team

Bolster supervision of MFIs, including capacity building for CBL examiners: The World Bank Group has conducted separate capacity building activities for CBL examiners of the NBFIs sector and for some NBFIs themselves. The training centered on financial reporting, governance, internal controls etc....

Establish clear guidelines and formal agreement on the role of Afriland Bank with RCFIs: A Technical Assistance Support Unit (TASU), has been established and operationalized to provide support for the RCFIs across the country and create new RCFIs. Previously, technical support to the RCFIs was mainly provided by Afriland Bank in conjunction with the CBL. The TASU, a unit independent of the CBL, engages Afriland Bank on banking and other services provided to the RCFIs.

Improve overall MFI operational capacity: Implementation of this activity is in its formative stages. The World Bank team in collaboration with the CBL plans to conduct a full assessment of the MFIs to determine those that have financial prospects and develop capital support plan for them.

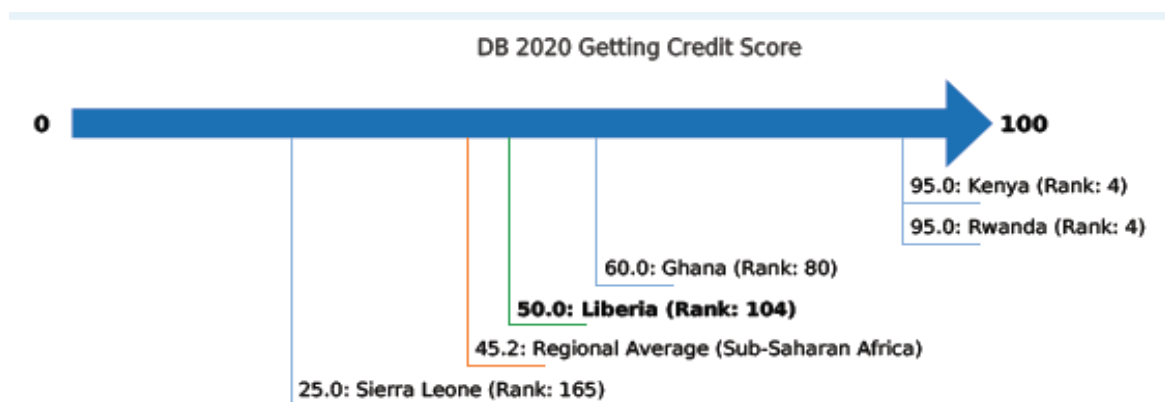
Improve MFIs' reporting to the CBL: As an appendage to the tiered regulatory framework, revised NBFIs reporting templates have been developed. The CBL has also conducted training with some NBFIs to expose them to the new reporting template. A key feedback from the NBFIs is the need to have their processes automated to utilize the new reporting templates more effectively. The lack of automation is not just an issue for the NBFIs, but the CBL itself does not have an automated system for receiving and analyzing the returns from NBFIs. This is an area which needs investment support from partners.

3.1.3 Access to Credit

Although Liberia has made some strides over the years in expanding access to credit and it compares well with regional peers, more efforts are needed in this area. The Covid-19 pandemic has dampened many years of efforts in promoting access to credit. Total private sector credit as a share of GDP moved from 13.45% in 2019 to 11.85% in 2020. Unless the right policy responses are effected, the covid-19 induced credit decline could have long-term adverse consequences on financial inclusion.

Several longstanding factors continue to inhibit access to credit in Liberia. Those factors include high non-performing loans, weak enforcement of credit contracts including foreclosures, challenges with the insolvency regime, rudimentary credit reference system, etc.... Non-performing loans as a share of total loans was 21.59% in 2020 compared to 17.46% in 2019. As shown in figure 2 below, Liberia's 2020 ranking and score in terms of getting credit need a lot of improvement, especially in improving the credit reference infrastructure.

Figure 2: Getting Credit in Liberia and comparator economies – Ranking and Score



Source: World Bank 2020 Doing Business Report

Also, weak contract enforcements continue to adversely impact access to credit in Liberia. As figure 3 below shows, although at lower cost, contract enforcement in Liberia involved more than twice the time it takes on average in SSA. The quality of the judicial process is poor as it is with the rest of SSA.

Figure 3: Enforcing Contracts in Liberia

| Indicator | Liberia | Sub-Saharan Africa | OECD high income | Best Regulatory Performance |
|--|---------|--------------------|------------------|-----------------------------|
| Time (days) | 1300 | 654.9 | 589.6 | 120 (Singapore) |
| Cost (% of claim value) | 35.0 | 41.6 | 21.5 | 0.1 (Bhutan) |
| Quality of judicial processes index (0-18) | 7.5 | 6.9 | 11.7 | None in 2018/19 |

Figure - Enforcing Contracts in Liberia - Score



Source: World Bank 2020 Doing Business Report

The NFIS contemplates promoting access to credit by focusing on the following activities: (1) Establish a modern credit registry and support usage thereof (2) Expand usage of the collateral registry and acceptance of movable assets through capacity building and sensitization efforts to improve access to finance (3) Enact secondary legislation to implement the Insolvency & Restructuring Law, 2017, specifically to regulate the insolvency administrator's profession (4) Develop the insolvency practitioner profession and build capacity of lending practitioners, judges, insolvency administrators and lawyers through targeted training on restructuring and insolvency

procedures, under the new regime (5) Write off financial institutions non-performing debt from directed lending programs [of the CBL] accumulated prior to July 2017; and (6) Adopt permanent facility for MSME project funds, based on market principles. Below are the implementation updates along these six activities:

Establish a modern credit registry and support usage thereof: preparations are well-advanced for the World Bank to conduct a comprehensive assessment of the current credit reference system at the CBL. The objective of the assessment is to among other things review the improvements that have been made by the CBL so far, identify areas of support and prepare a clearly defined roadmap for rolling out an enhanced system. Modernization of the credit registry has been earmarked as a key area for investment project support under the current engagement between the World Bank and the CBL.

Expand usage of the collateral registry and acceptance of movable assets through capacity building and sensitization efforts to improve access to finance: The International Finance Corporation (IFC) has already secured funding to improve the collateral registry housed at the CBL. The project which includes sensitization, infrastructural enhancements, capacity building etc.... will continue over the next three years.

Enact secondary legislation to implement the Insolvency & Restructuring Law, 2017, specifically to regulate the insolvency administrator's profession: This project has not started. However, discussions are being held for advancing efforts to be led by the IFC on this front in 2021 and the years ahead.

Develop the insolvency practitioner profession and build capacity of lending practitioners, judges, insolvency administrators and lawyers through targeted training on restructuring and insolvency procedures, under the new regime: Like the related activity discussed immediately above, this project has not started. However, discussions are being held for advancing efforts to be led by the IFC on this front in 2021 and the years ahead.

Write off financial institutions non-performing debt from directed lending programs [of the CBL] accumulated prior to July 2017: The CBL has taken impairments/provision of this debt in keeping with International Financial Reporting Standards (IFRS).

Adopt permanent facility for MSME project funds, based on market principles: An MSME Line of Credit of about US\$4.0 million was rolled out by the GoL with funding from the World Bank as part of the Post-Ebola economic response in 2016. This facility is being redesigned to assist in the Covid-19 response. The MSME Facility's line of credit can be responsive to COVID-19 by: (1) helping provide forgiveness on some portion of financial institutions' loans (2) reallocating money to financial institutions based on their performance in the facility (3) lowering the interest rate financial institutions pay; and (4) extending the maturity of the loans, among others. The Facility's Operations Manual has already been modified to help achieve the above policy changes. Additionally, the possibility is being explored to increase the funding to this scheme. Notwithstanding, the GoL is yet to formally adopt and implement the recommendations from the WBG on using the MSME facility as part of the Covid-19 response.

3.2 Digital Financial Services – Pillar II

The thrust of the NFIS is digital financial services (DFS). This is intently so because of the realization that DFS can quickly extend the delivery of financial services to a larger segment of the population in a more cost-effective way. Especially so, mobile phone solutions including the introduction of mobile money is revolutionizing the way financial transactions are executed in Liberia. Usage of digital payments in Liberia is growing but the pace needs to be expedited. Progress is being made towards improving the regulatory environment and promoting deployment of financial innovation. Also, the CBL has adapted and rolled out policy and regulatory approaches that have been successfully tested and implemented in other countries.

The trend in digital financial services indicates a dominance of mobile money as a means of digital payment. The USD volume and value of mobile money transactions increased from 1.2 million and US\$76.32 million in 2019 to 3.28 million and US\$2.48 billion respectively in 2020. Similarly, the

volume and value of Liberia dollar mobile money transactions soared from 40.48 million and L\$68.16 billion in 2019, to 117.14 million and L\$86.05 billion in 2020. Moreover, the use of POS increased in volume by 61.7% between 2019 and 2020 and ATM usage reduced in volume by 29% over the same period. These statistics lend further confirmation to the growing use of digital means of payments in Liberia.

The increase in mobile money transactions is mainly attributed to approval granted to the commercial banks to integrate with the Mobile Money Operators (MMOs) for partial interoperability pending the full operationalization of the National Switch. This has facilitated the seamless transfer of funds from bank accounts to mobile wallets and vice versa and greatly enhanced e-commerce and digital financial services. Moreover, MTN and TIPME Liberia were approved to conduct termination of international remittances into Mobile Money accounts/e-wallets.

Additionally, the COVID-19 pandemic served as a catalyst for growing the usage of mobile money as the social distancing preventive measures coupled with the State of Emergency (SoE) which was enforced by the GoL, encouraged consumers to leverage mobile money for facilitating economic transactions.

In 2020, there were 4.72 million registered accounts of mobile money as compared to 3.54 million registered accounts in 2019, which shows an increase of 33%. The number of agents increased from 6,995 in 2018 to 13,158 in 2019 and to 31,084 in 2020 representing an average annual increase of 112% and an increase of 136% between 2019 and 2020. These increases show that more people desire to use mobile money, noting the increase in the number of agents to serve the demand of the increasing number of subscribers for Cash-In-Cash-Out (CICO) transactions. It is important to emphasize that if mobile money should have the desired effect in terms of driving towards a cash-lite society, it will need to be a means of payments for basic transactions (especially purchases of ordinary goods and services), rather than just a means of receiving value and withdrawing cash. That is why more efforts are needed in ensuring that more businesses and service providers accept mobile money as a means of payment.

The Government of Liberia is keen on using the digital payment system as a driver of financial inclusion. To this end, the Automated Clearing House (Direct Credit) is being leveraged for the processing of expenditures through Electronic Funds Transfer (EFT). A two-year roadmap for the digitization of the Liberian Economy has also been developed and approved by the GoL. These efforts are expected to serve as a springboard for the utilization of existing infrastructure for wholesale and retail payments in the country.

3.2.1 DFS Legal/Regulatory Framework and Institutional Capacity:

The NFIS stresses the need to reform the legal and regulatory framework of DFS and build institutional capacity as a pivotal factor of promoting DFS in Liberia. The following activities have been set to achieve the foregoing: (1) Amend the Payment Systems Act (2) Adopt secondary regulations that will: i) establish a single set of principles for non-paper instruments, including the draft e-Payment Services regulations; and ii) unify rules on agents and outsourcing (3) Operationalize National Payments Council; and (4) Harmonize CBL units on payment systems and DFS into one department. Below are the implementation updates along these four activities:

Amend the Payment Systems Act: The process leading to an amendment of the National Payment Systems Act (2014) is currently ongoing. The draft revised act was shared with the CBL internal and external lawyers for legal opinions which were obtained. Additionally, the draft act was shared with all stakeholders (banks, MNOs, Fintechs) for review and inputs. The first in-person validation meeting on the draft act was held on December 18, 2020. The draft act has already been endorsed by the board of governors of the CBL and sent to the Legislature. The draft act covers payment instruments and services that are necessary for further integrating the Liberian economy into the regional and international financial systems. It is expected to safeguard the CBL as it copes with rapid market changes, innovation and new business models and services.

Adopt secondary regulations that will: i) establish a single set of principles for non-paper instruments, including the draft e-Payment Services regulations; and ii) unify rules on

agents and outsourcing: The CBL has developed and published Regulations Concerning the Licensing & Operations of Electronic Payment (E-Payment) Services (No. CBL/RSD/003/2020). The introduction of this regulation is serving as a catalyst for financial institutions and other Fintech companies to respond efficiently to current and future payment needs while leveraging on new technological innovations. As a result of the above-mentioned regulation, the CBL has approved the first licensed payment service provider in Liberia, TIPME Liberia LLC.

Operationalize National Payments Council: Collaborative approach in building a digital payment ecosystem is essential in that it would stimulate a holistic view of all aspects of the nation's payment system needs and assist progression in an efficient and cost-effective manner. A collaborative approach, with the active participation of all stakeholders, is highly desirable in creating synergy, stimulating consumer literacy, and providing the basis for optimizing the benefits of electronic payments. To facilitate such collaboration, the National Payment Systems Council (NPC) Charter was approved in 2020.

The Council comprises a national representative grouping of stakeholders charged with the ownership and implementation of the National Payments System (NPS) reform strategy and provides a forum for the cooperation, dialogue, and consensus among stakeholders. The NPC is expected to operate as a consultative body, providing ongoing support to the CBL to ensure the payment and securities clearance and settlement systems are safe and efficient and a suitable array of modern, affordable payment instruments are available to the Liberian people. However, members of the council have not been nominated by their respective institutions yet.

Harmonize CBL units on payment systems and DFS into one department: This is already in progress. Under the new strategic plan of the CBL (2021-2023), the DFS unit previously in the Regulation and Supervision Department has been moved to the Payments System Department.

3.2.2 Oversight Framework

As Liberia makes advances into the realm of DFS, an effective oversight framework is necessary. This will help promote a coordination mechanism for payments system in the country. To this end, The CBL's board has approved an Oversight Policy Framework and Guidelines for Implementation of the National Payment Systems. The Guidelines for implementing the oversight functions have already been issued.

3.2.3 Facilitating DFS Usage

Facilitating DFS usage is very cardinal to actualizing the benefits of the digital revolution. The following activities have been set in the NFIS to achieve the foregoing: (1) Implement all functionalities of the national switch to enhance interoperability, particularly enabling push and pull functionalities and facilitate LRD transactions (2) Complete integration of all commercial banks and MMOs to the national switch (3) Open access to the USSD channel via appropriate legal or regulatory method; and (4) Facilitate the development of digital credit through industry consultations and adopting various regulatory and legal amendments to establish a tiered risk-based approach to NBFIs regulation and supervision and amended consumer protection regulations. Below are the implementation updates along these four activities:

Implement all functionalities of the national switch to enhance interoperability, particularly enabling push and pull functionalities and facilitate LRD transactions: A comprehensive assessment of the existing national switch infrastructure has been conducted by the World Bank. The findings and recommendations including alternative approaches to advancing the national switch project have been submitted to the management of the CBL for review and implementation. More importantly to note is that commitment has been received from the World Bank team to secure funding for the national switch advancement project.

Additionally, as a measure to encourage cooperation and competition in the digital financial payment ecosystem, the CBL in 2020, rolled out regulatory measures for the bilateral implementation of the mobile money integration with banks (Push and Pull services) to allow fund transfers from Bank accounts to mobile money wallets and vice versa, pending the completion of

the National Electronic Payment Switch (NEPS) Project. To this end, the CBL conducted due diligence on several applications from commercial banks for integration with the Mobile Money Operators. The CBL has approved five (5) banks (UBA, GTBank, Access Bank, LBDI and Ecobank) for the Push and Pull Services with the Mobile Money Operators.

Complete integration of all commercial banks and MMOs to the national switch: This has not been done as the comprehensive assessment of the national switch needed to have been completed and an approach to advancing the switch project agreed by the CBL. This is expected to gain traction in 2021. On a related matter, the CBL has amended its regulations on remittances to allow the digital termination of in-bond remittances to mobile money accounts/e-wallets. Towards this endeavor, the CBL approved MTN and TipMe Liberia to conduct remittance operations with direct termination to the beneficiaries' e-wallets/accounts.

Open access to the USSD channel via appropriate legal or regulatory method: This has not been done. The CBL has formally communicated with the Liberia Telecommunication Authority (LTA) on the need to collaborate to achieve this. The CBL is still waiting the response from LTA.

Facilitate the development of digital credit through industry consultations and adopting various regulatory and legal amendments to establish a tiered risk-based approach to NBFI regulation and supervision and amended consumer protection regulations: A digital credit regulation has already been developed by the CBL and endorsed by the Financial Stability Committee. The document is pending CBL's board approval. Work has also been done on introducing the tiered risk-based approach to NBFI regulation and supervision and amending the consumer protection regulation.

3.2.4 Policy Response to COVID-19

Electronic Payment Instruments:

The various electronic payment instruments in Liberia that allow for access to funds held in bank accounts or mobile wallets by use of electronic device and/or electronic communication include:

1. Card Based Payments
 - a. Debit Card
 - b. Prepaid Card
2. Electronic Payments and Remittances
 - a. Electronic Funds Transfer: ACH Direct Debit, ACH Direct Credit
 - b. Real Time Gross Settlement:
 - c. Internet Banking
 - d. Mobile Banking: USSD, Mobile App

CBL's Policy Measures to ease the impact of COVID-19 on the Financial Sector, through Payment Systems and digital financial services:

The COVID-19 poses several challenges to the entire world including Liberia. All sectors of the Liberian economy were affected seriously, with the financial services sector being no exception.

The COVID-19 impact on the financial sector observed severe demand for cash by customers to purchase food, medical, and hygienic supplies and lower incomes for banks and service providers occasioned by the State of Emergency (SoE). The situation was further exacerbated by limited options for alternative delivery channels and pressure on the existing infrastructure and platforms for the provision of electronic payments. Moreover, social distancing, the primary preventive method to reducing the spread of the virus was being emphasized by the health authorities, thus the need for a swift intervention for the CBL.

The CBL instituted several policy measures on March 24, 2020, intended to ease the

negative impact of the Coronavirus pandemic on the Liberian economy, specifically the Financial Sector. Among the measures, the CBL suspended for three months, all charges on the Systematically Important Payment Systems: Automated Clearing House (ACH), Direct Credit (DC) and Real Time Gross Settlement System (RTGS). Mobile Money charges to customers for transfer of money from their bank accounts to their mobile money accounts (vice versa), all merchant payment transaction fees (shops, stores, supermarkets, gas stations, general markets, retail outlets, etc.) using mobile money as payment option for goods, charges for people to people (P2P), funds transfers via the internet and mobile banking services were also suspended for one month.

3.2.5 Assessment of the Impact of the Policy Measures:

Waiver of Mobile Money charges

Mobile money is an electronic wallet service which was operated by three institutions in Liberia at the end of 2020: MTN, Orange Money and SIBLL Pay Global. This service allows users to store, send, and receive money using their mobile phones. The safe and easy electronic payments make mobile money a popular alternative to bank accounts. It can be used on both smartphones and basic feature phones.

The CBL's policy measures implementation resulted to a significant increase in digital payment usage by the public as the policy provided fees waiver as additional incentive for consumers.

During the period of one month, (March to April 2020), the total number of 131,614 new subscribers were registered for mobile money services. MTN recorded the highest, registering 70,876 new subscribers; Orange Liberia registered 58,329 new subscribers; and SIBLL registered 2,409 new subscribers. The total mobile money bank to wallet (push & pull) transactions value in United States dollars was US\$5,501,091.37 and total transactions value in Liberian dollars was L\$539,704.00.

There was an increase in the number of registered merchants from March 24, 2020 up to May 30, 2020. Orange Money registered the highest number of merchants: 233; MTN registered 149 and GN Bank/SIBLL registered 3, bringing the total number of new merchants to 385, thus increasing the total number of merchants from 7,425 to 7,810. These merchants accept mobile money as a means of payments for goods and services.

Additionally, the daily transaction limit for mobile money transactions were adjusted by the CBL for three months as follows:

- Level 1 Category was increased from US\$250.00 to a maximum of US\$500.00 or its equivalent in Liberian dollar.
- Level 2 Category was increased from US\$1,000.00 to US\$2,000.00 or its equivalent in Liberian dollar: and
- Level 3 Category was increased from US\$2,000.00 to US\$4,000.00 or its equivalent in Liberian dollar.

Subject to Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) requirements, the CBL also adjusted for three months the monthly aggregate transaction limits for purchasing of goods and transfers through mobile money as follows:

- Level 1 Category was increased from US\$2,000.00 to a maximum of US\$3,000.00 or its equivalent in Liberian dollar;
- Level 2 Category was increased from US\$8,000.00 to US\$12,000.00 or its equivalent in Liberian dollar; and
- Level 3 Category was increased from US\$20,000.00 to US\$30,000.00 or its equivalent in Liberian dollar.

As at May 30, 2020, MTN processed bill payments with total volume of Liberian dollar transactions of 12,616 and corresponding value at L\$24.75 million; and United States dollar transaction volume of 6,124 and corresponding value at US\$117,609.95. Orange Money Liberia processed the total volume of Liberian dollar transactions of 3,946 with corresponding value of L\$5.53 million; and United States dollar volume of 3,011 with corresponding value at US\$44,670.95. Additionally, this period noted the total volume of 1,268,342 electronic recharge (top-up) in both currencies. MTN processed electronic recharge volume of 1,222,284 and 32,140 for Liberian dollar and United States dollar respectively, and value at L\$155,417,594.78 and US\$53,271.58. Orange Money Liberia processed electronic recharge (top-up) volume of 13,918 with value at US\$30,517.

On the basis of Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) requirements, the MMOs upgraded various levels of subscribers/users. Orange money had the highest number of customers upgrade with 16,108, 161, and 15 customers upgraded to levels 1, 2 and 3 categories respectively. MTN also upgraded 174 and 14 customers to levels 2 and 3 respectively.

The fee waivers by the Mobile Money Operators (MTN and Orange) were extended for an additional two months (May -June). According to the MMOs, the extension was intended to encourage all consumers to switch to digital payments and minimize cash usage.

Suspension of all charges on the Automated Clearing House (ACH), Direct Credit (DC) and Real Time Gross Settlement System (RTGS) for three months.

As part of efforts to ease the COVID-19 impact on consumers, the CBL also suspended all charges on the Systematically Important Payment Systems (SIPS) to the commercial banks to enable them to waive same to their customers. During the three-month period (March – June, 2020), the Real Time Gross Settlement System (RTGS) which is used for inter-bank large value remittances processed the total volume of 10,484 transactions, the Automated Clearing House (ACH) used to timely clear paper based financial instruments processed 17,729 transactions and the Automated Direct Credits used for inter-bank remittances of low value transactions processed 5,254 transactions, all in both currencies (USD & LRD). The CBL should have realized a total income of L\$691,872.10 and US\$10,124.10 based on the Payment Systems Pricing Policy. However, the fees for using these SIPS were waived in line with the Policy Measures.

The CBL's collaboration with the banks and mobile money operators for the suspension of fees on the usage of SIPS and mobile money services as a means of easing the impact of the pandemic, saw an increase in the usage of digital financial services, increased consumers' confidence, and interest in digital payments usage.

3.3 Consumer Protection and Financial Capability- Pillar III

3.3.1 Consumer Protection

Over the years there have been several steps towards supporting Consumer Protection (CP) in Liberia. There exists a dedicated Consumer Protection Unit at the CBL with an operational hotline. The CBL has required the establishment of the Consumer protection helpdesks at the nine (9) commercial banks and two (2) mobile money providers. There is a consumer protection portal on the CBL's website. The CBL also has a consumer protection and market conduct regulation (CBL/RSD/004/2017).

Notwithstanding the above, more needs to be done in improving the consumer protection regime in Liberia. As the country promotes more financial innovations, pivoting on digital solutions, it is important to have the consumer protection mechanisms move in tandem to secure confidence in the sector. In this regard, the NFIS has set the following actions to help improve consumer protection in the country: (1) Build capacity of the consumer protection unit through increased training and additional human resources to enhance market conduct supervision (2) Revise CP regulations to ensure that relevant CP requirements are applied across all providers based on the product and activity rather than type of financial institution (3) Issue KFS form for savings (4) CBL to adopt revised consumer protection regulations with amendments to introduce the disclosure standards which would enable digital credit on feature phones (5) Establish requirements for effective internal dispute resolution; and (6) Provide an external dispute resolution body for all financial consumers. The implementation updates of the foregoing six (6) actions are provided below:

Build capacity of the consumer protection unit through increased training and additional human resources to enhance market conduct supervision: capacity building and increase in resources for the consumer protection unit were not realized in 2020, due in part to the Covid-19.

Revise CP regulations to ensure that relevant CP requirements are applied across all providers based on the product and activity rather than type of financial institution: In 2020, the CBL amended the CP regulation to extend its scope to all bank-financial institutions, non-bank financial service providers, specialized deposit-taking institutions (which include Tier 2a and Tier 2b deposit taking non-bank credit institutions and Tier 2c non-bank credit financial institutions).

Issue KFS form for savings: Regarding Key Fact Statement (KFS) forms, to enhance disclosure, the amended CP regulation also provides that financial institutions adopt a Truth-in-lending Disclosure form that should be provided as part of the loan contract and submitted to borrowers on paper or electronically for their review and sign-off. It also provides that institutions that accept deposits, be required to adopt a truth-in-savings disclosure form with

details of fees and terms associated with each saving product/service used by customers. It would be important to conduct a review of financial institutions to ascertain whether these forms are being used.

CBL to adopt revised consumer protection regulations with amendments to introduce the disclosure standards which would enable digital credit on feature phones:

Accordingly, the 2017 regulation concerning Consumer Protection and Market Conduct was amended in 2020. The amended regulation is intended to strengthen the consumer protection regime of the financial system with the main objective of promoting fair and equitable financial services. This is being targeted by setting minimum standards for financial institutions in dealing with their customers and fostering confidence in the financial sector, by ensuring that financial institutions provide quality services to their customers and other stakeholders. As a way of increasing access to finance, and to enhance digital services, the regulation provides for digital credit disclosure requirements. Digital credit allows the use of online technology and new business models to originate and renew loans to deliver faster and more efficient decisions in the expansion of financial services to low-income households.

Establish requirements for effective internal dispute resolution: Internally handling customer disputes at financial institution is covered in the CP regulation. Notwithstanding, customers have the choice of advancing to the CBL or the courts with or without exhausting any previous option.

Provide an external dispute resolution body for all financial consumers: This is yet to be done.

In addition to the foregoing, to promote transparency in the pricing of financial services and products and to ensure that financial institutions don't arbitrarily increase fees and charges, CBL on September 17, 2020 issued a directive 'CBL Directive Concerning No Objection of Fees, Charges and Commission of Financial Services or Products' directing all financial institutions operating in Liberia wishing to introduce new charges, fees and/or commissions or increase their charges, fees and/or commissions of any financial service or product, to receive a 'No objection' from the CBL.

3.3.2 Financial Capability

The people will not fully utilize the numerous benefits of financial sector development and financial inclusion except they are financially capable. That is, they have the knowledge and skills to understand and select financial products and services that suit their needs. People are financially capable when they can manage their money well. This definition captures

people's ability to use and maximize the use of products and services that are made available by the financial services industry. Financial capability cuts across several institutions within Liberia. These include but are not limited to the Ministry of Agriculture education program for small holders' farmers, the Ministry of Education (responsible for financial education in schools), the Central Bank of Liberia which is the sole financial sector regulator in Liberia and the Ministry of Commerce and Industry which has a dedicated Division for the promotion of Small and Medium Enterprises.

The NFIS places high premium on bolstering financial capability efforts including expanding financial literacy programs across the country. The NFIS recognizes that this area requires a lot of resources. These are the specific actions earmarked by the strategy to promote financial capability: (1) Integrate financial education into curriculum at the primary/junior high school level, senior high school level, TVET college level and University level (2) Delivery of financial education messages and guidance through intermediaries/teachable moments (3) Radio broadcasts; and (4) Implement the National Financial Education Strategy. The implementation updates of the foregoing four (4) actions are presented below:

Integrate financial education into curriculum at the primary/junior high school level, senior high school level, TVET college level and University level: This is yet to be done.

Delivery of financial education messages and guidance through intermediaries/teachable moments: Implementation has not started. Plans are underway to engage focal groups such as marketing associations, other segments of the business and academic communities with targeted financial education programs.

Radio Broadcasts: In 2020, the CBL did arrange few radio appearances to among other things provide financial education to the public. The CBL has also launched a dedicated radio program to among other things provide adequate information to the public about the banking and financial sector including promoting financial education/inclusion.

Implement the National Financial Education Strategy (NFES): An operational plan along with a budget is being drafted to roll-out specific aspects of the NFES. Some of the activities include radio programs, targeted financial education engagements with segments of the business and academic communities, social media campaigns, billboard, flyers etc.... Once the operational plan and budget are approved by the NFISC, and resources secured a robust financial literacy campaign will take-off in 2021.

4.0 Engagements with Partners/Stakeholders

4.1 Alliance for Financial Inclusion

Since 2009 Liberia has maintained stakeholders' relationship with the Alliance for Financial Inclusion (AFI). During 2020, despite the advent of the COVID-19 Pandemic, the CBL's engagement with AFI remained afloat with several activities. The CBL's engagement with AFI included finalization and subsequent approval by AFI of a grant proposal for the conduct of a financial inclusion survey in Liberia. This followed the launch of the 2020-2024 NFIS in 2019.

Through its participation on the AFI Financial Inclusion Strategy Peer-learning Working Group (FISPLWG), Liberia navigated successfully with other member representatives on the Sub-group on Gender Savings to complete for publication, AFI Guideline Note No.40 on "Up-scaling and Integrating Gender Savings Groups into the Formal Financial System."

Also, during 2020, Liberia participated in virtual meetings and webinars of several working groups of AFI including, Financial Inclusion Strategy Peer-learning Working Group, Financial Inclusion Data Working Group, Global Standards Proportionality Working Group (GSPWG), and Inclusive Green Finance Working Group (IGFWG). Other meetings included FISPLWG Webinar– Addressing the Impact of COVID-19 on Gender Savings Groups (CBL served as a panelist), Crisis Resolution and E-Money Providers and AFI Public-Private Dialogue (PPD), and meeting on "Mitigating the Impact of COVID-19: Implications and Response Measures for MSMEs."

4.2 World Bank Group

Liberia's partnership with the World Bank Group for the implementation of the current National Financial Inclusion Strategy strengthened during 2020. The WBG remains a key partner in supporting financial inclusion initiatives in Liberia. The WBG facilitated the conduct of a comprehensive assessment of the National Switch and has since advanced recommendations to realize the full benefits of the Switch. Support to the National Switch, the Credit Reference Enhancement Project, Collateral Registry project, Scaling-up Agency Banking, Reforming and supporting the NBFI Sector, and regulatory changes regarding Consumer Protection, Digital

Credit, Remittances, etc.... are areas of current focus of the WBG engagements with Liberia in support of the NFIS implementation.

5.0 Outlook

Looking ahead, improving utilization of digital means of payments, promoting financial literacy, enhancing the credit reference infrastructure, extending agency banking across the country, supporting the NBFIs sector to have well managed and properly supervised NBFIs functioning across the country and making interventions for lending to MSMEs, especially those adversely impacted by Covid-19 would be key areas of implementation focus.

Additionally, targeted interventions to promote financial education and awareness and encourage utilization of digital financial products and services will be pursued. Robust outreach to VSLAs and Credit Unions will also be prioritized in a bid to linking these institutions to the more formalized and developed financial sector via product and technological innovations.

The above-mentioned focus areas present a tall order in terms of financial resources. To this end, robust engagement with all stakeholders including our international partners to secure appropriate resources cannot be overemphasized.

6.0 Conclusion & Recommendation

The implementation of the NFIS remains on track towards achieving the overall goal of having at least half of the adult population (15+) financially included by 2024. Despite the Covid-19 pandemic, in 2020, strides were made on several fronts of enhancing financial inclusion especially digital financial services. The number of mobile money accounts grew by almost 40% between 2019 and 2020 and the number of mobile money agents more than doubled during the same period.

Several actions were taken during 2020 to improve the regulatory and supervisory environment of financial inclusion. The consumer protection regulation was amended to among other things include NBFIs and facilitate growing financial innovations. An electronic payment guideline was

issued and a regulation on digital credit was developed. A new NBF regulatory framework and reporting requirement were completed.

The CBL gave approval for the digital termination of remittances while the remittance regulations are being amended to allow same and improve the overall regulatory environment for remittances. Until the national switch is fully operationalized, the CBL allowed Mobile Money Companies to partner with commercial banks to facilitate transfers from bank accounts to wallets and vice versa.

More attention is needed in supporting financial education and awareness across the country as well as supporting VSLAs and credit unions with the goal of linking them to the more formal financial sector. Investments in key financial sector infrastructure such as the national payment switch and the credit reference project are needed to place financial inclusion efforts on the desired trajectory.

To keep the implementation of the NFIS on track and increase the implementation momentum during 2021 and the years ahead, the below specific issues need to be addressed:

- 1) **Full operationalization of the national payment switch:** since the comprehensive assessment of the National Switch has been completed, policy makers and partners should select the appropriate option and commit needed resources for this project as it holds the key to unlocking a lot of potential in the digital space of Liberia.
- 2) **Complete the Credit Reference Enhancement Project:** the planned comprehensive assessment of the WBG should be expedited and resources secured to have this project on course. A modern credit reference infrastructure will improve private sector credit and help promote financial stability by militating against the perennial problem of high non-performing loans in the financial sector.
- 3) **Source Funding for on-Lending to MSME:** As many MSMEs have been seriously impacted by Covid-19 and financial institutions are averse to credit expansion at this time,

it is important to arrange for special funding for MSMEs. The modifications to the Post-Ebola MSME GoL facility should be operationalized and additional funding secured as part of the Covid-19 economic policy response.

- 4) **Increase Support to NBFIs:** With a new regulatory framework in place and considering that NBFIs are the dominant institutions in the rural parts of the country where the need for increasing financial inclusion is high, direct support to NBFIs, especially MFIs is necessary. Emphasis should be placed on supporting women groups and linking informal financial institutions such as VSLAs to the formal financial sector; and
- 5) **Provide further support for the expansion of agency network across the country:** As access to financial services in rural areas remains limited, this gap can be bridged by investing in agency network structures in financially under-served areas. Providing kiosks and other support including training to rural agents and linking them to a range of financial institutions will more meaningfully address the financial access gap.

7.0 Appendix

Table 7.1 a: NFIS Results Framework – Impact Indicators

| | # | National Financial Inclusion Rate Impact Indicators | Baseline (2019) | 2020 | 2024 (target) | Source |
|---|----|---|-----------------|-------------------------|---------------|--------|
| National Financial Inclusion Rates | 1 | % of population with an account | 35.7 | Not Available Yet (NAY) | 50 | Findex |
| | 1a | % of women with an account | 28.2 | NAY | 45 | Findex |
| | 1b | % of youth with an account | 36.1 | NAY | 51 | Findex |
| | 1c | % of rural residents with an account | 32.9 | NAY | 45 | Findex |

Source: As indicated above. Note: All baseline figures for Findex are as of 2017.

Table 7.1 b: NFIS Results Framework – Intermediate Indicators

| NFIS Pillar | # | Intermediate Indicators | Baseline (2019) | 2020 | 2024 (target) | Data source |
|-------------|----|--|--------------------|-------|------------------|-------------------------------|
| | 2 | Percent of account holders with dormant account (no deposit/withdrawal in past year) | 5.1 | NAY | 4 | Findex |
| | 3 | Number of agents of financial institutions | 86 | 183 | 300 | CBL |
| | 4 | # of bank branches per 100,000 | 2 | 2 | 6 | CBL |
| | 5 | # of ATMs per 100,000 population | 2 (2018) | 2.1 | 4 | CBL |
| | 6 | # of POS terminals per 100,000 population | 5 (2015) | 8.8 | 10 | CBL |
| | 8 | Private Credit to GDP | 13.45 | 11.85 | 19 | CBL |
| | 9 | # of loans of MSME trust fund | 2,116 | 2,741 | TBD | MFDP |
| | 10 | Strength of legal rights index (regarding collateral and bankruptcy): 0-12 | 9.0 (2019) | 10 | 12.0 | Doing Business |
| | 11 | % of population covered by the credit registry | 14 | 3.2 | 20 | CBL |
| | 12 | % covered by the movable collateral registry | 43 | 3.4 | 50 | CBL |
| | 13 | Strength of insolvency framework index (0-16) | 10.0 (2019) | 10 | 12.0 | Doing Business |
| | 14 | Creditor Recovery Rate (cents on the dollar) | 17.2 (2019) | 17.4 | 20.3 | CBL/ WBG Doing Business |
| | 15 | Number of MFIs reporting to CBL on a monthly basis | 7 | 7 | 100 | CBL |

| | | | | | | |
|--|----|--|---------------------|------------|-----------|--------------|
| Digital Financial Services | 16 | % of population with a mobile money account | 19 | 25 | 35 | Findex / CBL |
| | 17 | # of national switch transactions | 8,472 (2019) | 4,278 | 61,398 | CBL |
| | 18 | # of digital credit loans | N/A | N/A | 100,000 | CBL |
| | 19 | % of remittances terminated onto mobile wallets (in USD) | 0 | N/A | 25 | CBL |
| | 20 | Volume of electronic payments (in USD) | 1,261,306 (2018) | 47,371,477 | 3,000,000 | CBL |
| | 21 | % of population making or receiving a digital payment | 27.6 | NAY | 35 | Findex |
| Consumer Protection and Financial Capability | 22 | # of institutions reporting complaints statistics to CBL | 11 | 11 | 75 | CBL |
| | 23 | # of institutions with developed formalized internal complaints handling systems | 6 | 6 | 100 | CBL |
| | 24 | # of individuals reached by implementation of financial literacy activities | 0 | N/A | 200,000 | CBL |

Source: As indicated above. Note: All baseline figures for Findex are as of 2017.

Table 7.2: List of Financial Institutions and Contacts

| N O | Financial Institutions | URL | Email | Contact |
|--------|---|-----|--|--------------|
| | Banks | | | |
| 1 | Ecobank Liberia | | gmenah-asante@ecobank.com | 0881111333 |
| 2 | United Bank of Africa | | nkechi.arizor@ubagroup.com | 0888-083-957 |
| 3 | Liberia Bank for Development and Investment | | john.davies@lbd.net | 0886-609876 |
| 4 | Guaranty Trust Bank Liberia | | Ikenna.anekwe@gtbank.com | 0777-499992 |
| 5 | Afriland Bank | | rnkous@yahoo.fr | 0886084574 |

| | | | |
|--------------------------------------|--|--|-------------------------|
| 6 | International Bank Liberia Limited | hsaamoi@ibliberia.com | 0886-367676 |
| 7 | Global Bank Liberia Limited | rotimi.sangodeyi@globalbanklr.com | 0888881881 |
| 8 | Access Bank Liberia Limited | narciso.tan@accessbank.com.lr | 0778231300 |
| 9 | Sapelle International Bank Liberia Limited | jkanim@gnbankliberia.com | 0886-131915 |
| Microfinance | | | |
| Active Institutions | | | |
| 1 | BRAC Liberia Microfinance Co. | khaled.m@brac.net | 0777-892375 |
| 2 | Foundation for Women Liberia | magnus@foundationforwomen.org | 0886-967978/0777-200050 |
| 3 | Kendei Empowerment | kendei.foundation@gmail.com | 0886-548872/0777-544307 |
| 4 | Business Link Microfinance | info@businesslinkliberia.com | 0886-524203/0770-196777 |
| 5 | Fidelity Microfinance | mrssaywala@yahoo.com | 0886-519796 |
| 6 | Oya Microfinance (New MFI) | ikekyei93@gmail.com | 0775-078735 |
| 7 | Diaconia MDI*** ¹ | k.basoa@diaconiamdi.com | 0777-821837/0555-726796 |
| 8 | Cititrust MDI ² | N/A | N/A |
| Partially Active Institutions | | | |
| 9 | Action for Comm. Matters | acomaliberia@gmail.com | 0886-569454/0770-176104 |
| 10 | New World Finance | info@newworldfinance.net | 0888-209195 |
| 11 | A.G.K. Microfinance | loupulavalah1@gmail.com | 0880-859132/0775-719140 |
| 12 | Lib. Entrepreneurial Asset Dev. | portebaryou@gmail.com | 0886-684251/0776-208022 |
| Non-Functional Institutions | | | |
| 13 | Y.K. Moore Development | ykmooredevfoundation14@yahoo.com | 0886-998332/0775-551672 |
| 14 | Kailondo Microfinance | kailondomicrofinance@gmail.com | 0886-511409/0777-511409 |
| 15 | Standard Trust Microfinance | stevenkolubah2993@yahoo.com | 0886-752572/0777-161994 |
| 16 | Sharpe Home Care Services | shocas2g6@yahoo.com | 0880-013752/0775-685696 |

¹ *** Microfinance Deposit-Taking Institution (MDI)

² (New MFI) ***

| | | | | |
|---------------------------|---|--|--|----------------------------|
| 17 | Step Up Loan Program | | N/A | 0775-911656 |
| 18 | Calasspro Microfinance | | franciskbroh@gmail.com | 0886-566612/0777-247088 |
| 19 | MMI Ventures Microfinance | | N/A | 0776-548860 |
| | | | | |
| | Mobile Money Providers | | | |
| 1 | Lonestar Cell MTN Mobile Money | | Christopher.Ssali@mtn.com | 0886501061 |
| 2 | Orange Money Liberia | | zaza.mulbah@orange.com | 0778888131 |
| 3 | TipMe Liberia | | lguilao@tipmeliberia.com | 0880000035 |
| | | | | |
| Insurance Entities | | | | |
| 1 | Omega Insurance Company | | clananaba@omegalr.com , info@omegalr.com | 0886-515-330 |
| 2 | Atlantic Life and General Insurance Company | | clemenceauurey@yahoo.com | 0886-511-335 |
| 3 | Blue Cross Insurance Company | | info@bluecross-insurance.net | 0886-510-522 |
| 4 | Saar Insurance | | fodjott@yahoo.fr | 0776-443-529 |
| 5 | Insurance Company of Africa | | somintah@yahoo.com | 0886-513-281 |
| 6 | American Underwriters Group | | ihage@auginternational.com | 0777/880-650-000 |
| 7 | Medicare Insurance Corporation | | moses.gbanyah@gmail.com | 0886/777-520-703 |
| 8 | Mutual Benefit Assurance Company | | kehinde.efevoghor@mutual-lr.com | 0777-812-257 |
| 9 | Palm Insurance Corporation | | palmi20012004@yahoo.com | 0886-519-253 |
| 10 | Secure Risk Insurance Company | | dfnaatehn@yahoo.com | 0886-513-285 |
| 11 | Activa Insurance Company | | sdgbalazeh@gmail.com | 0886-516-562 |
| 12 | Accident & Casualty Insurance Company | | princetonm6@gmail.com | 0886-511-764 |
| 13 | Sky International Insurance Company | | chartlinc59@yahoo.com | 0886-558-265 |
| 14 | SUNU Insurance company | | Matthiew.nkatta@sunu-group.com | 0881-464-156/ 0778 838 932 |

Source: CBL and Financial Institutions

Table 7.3: Network/Distribution of Financial Institutions

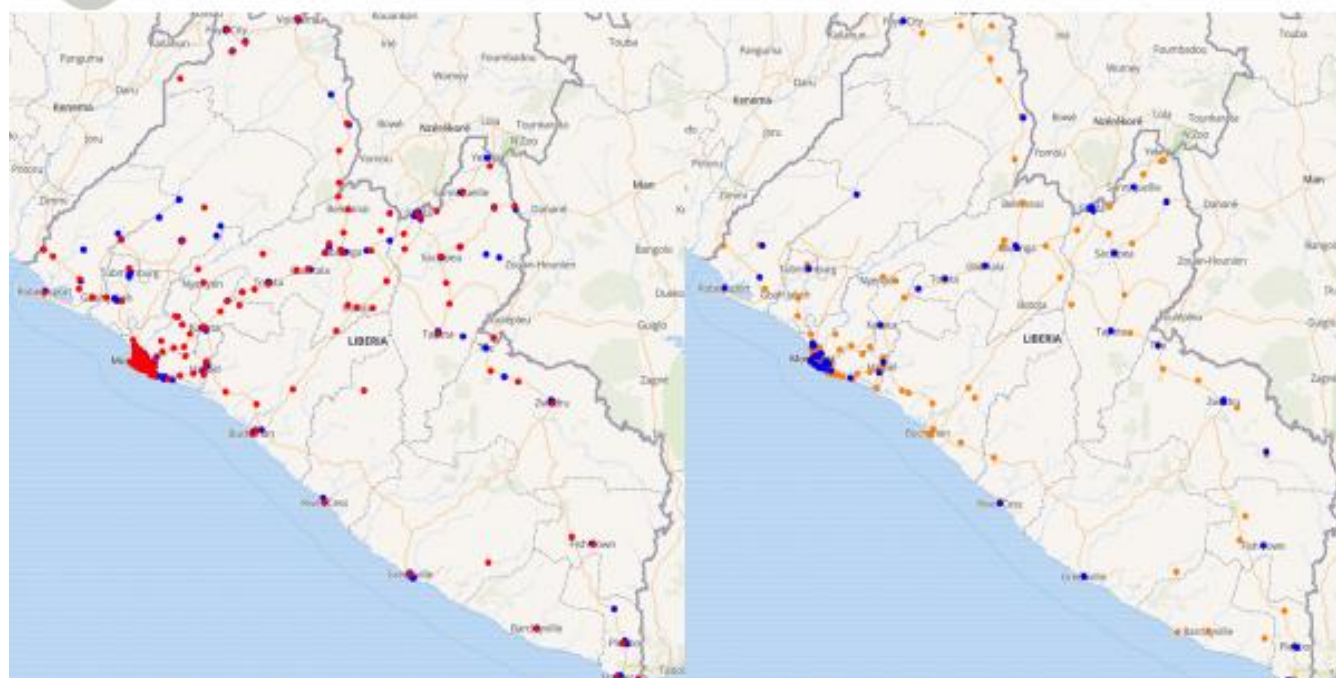
| No. | County | Banks Presence | No. of Bank Branches | NBFIs | RCFIs | Credit Unions | VSLAs |
|-----|--------------|----------------|----------------------|-----------|-----------|---------------|-------------|
| 1 | Montserrado | 9 | 59 | 20 | 0 | 6 | 203 |
| 2 | Margibi | 6 | 7 | 5 | 0 | 1 | 140 |
| 3 | Bong | 2 | 2 | 1 | 1 | 0 | 133 |
| 4 | Nimba | 5 | 6 | 1 | 3 | 1 | 180 |
| 5 | Lofa | 0 | 0 | 1 | 3 | 1 | 160 |
| 6 | Grand Gedeh | 1 | 1 | 0 | 0 | 0 | 100 |
| 7 | Sinoe | 2 | 2 | 0 | 1 | 0 | 100 |
| 8 | Grand Kru | 0 | 0 | 0 | 1 | 0 | 80 |
| 9 | Maryland | 2 | 2 | 1 | 0 | 0 | 110 |
| 10 | River Gee | 0 | 0 | 0 | 1 | 0 | 140 |
| 11 | Bomi | 1 | 1 | 1 | 0 | 1 | 35 |
| 12 | Cape Mount | 0 | 0 | 1 | 0 | 0 | 60 |
| 13 | Gbarpolu | 0 | 0 | 1 | 1 | 0 | 50 |
| 14 | Rivercess | 0 | 0 | 0 | 1 | 0 | 40 |
| 15 | Grand Bassa | 5 | 6 | 1 | 0 | 1 | 70 |
| | Total | | 86 | 33 | 12 | 11 | 1601 |

Source: CBL and Financial Institutions

Table 7.4: Agency Network (Mobile Money)



Cellular Towers and Mobile Money Agents



Lonestar Towers = Red
Lonestar Agents = Blue

Orange Towers = Orange
Orange Agents = Blue



Source: As reflected above on the figure above

Table 7.5: Points of Sale (PoS) Distribution Across the Country

| No. | County | Number of PoS | | | |
|-----------|--------------|---------------|------------|------------|---------------|
| | | 2018 | 2019 | 2020 | Share in 2020 |
| 1 | Montserrado | 108 | 110 | 410 | 93.0% |
| 2 | Margibi | 10 | 5 | 19 | 4.3% |
| 3 | Bong | 1 | 1 | 2 | 0.5% |
| 4 | Nimba | 0 | 2 | 5 | 1.1% |
| 5 | Lofa | 0 | 0 | 1 | 0.2% |
| 6 | Grand Gedeh | 0 | 0 | 0 | 0.0% |
| 7 | Sinoe | 0 | 0 | 0 | 0.0% |
| 8 | Grand Kru | 0 | 0 | 0 | 0.0% |
| 9 | Maryland | 0 | 0 | 1 | 0.2% |
| 10 | River Gee | 0 | 0 | 0 | 0.0% |
| 11 | Bomi | 0 | 0 | 0 | 0.0% |
| 12 | Cape Mount | 0 | 0 | 0 | 0.0% |
| 13 | Gbarpolu | 0 | 0 | 0 | 0.0% |
| 14 | Rivercess | 0 | 0 | 0 | 0.0% |
| 15 | Bassa | 2 | 2 | 3 | 0.7% |
| | Total | 121 | 120 | 441 | 100.0% |

Source: CBL and Financial Institutions

Table 7.6: ATMs Distribution Across the Country

| No. | County | Number of ATMs | | | |
|-----|--------------|----------------|-----------|------------|---------------|
| | | 2018 | 2019 | 2020 | Share in 2020 |
| 1 | Montserrado | 37 | 35 | 89 | 78.1% |
| 2 | Margibi | 6 | 1 | 11 | 9.6% |
| 3 | Bong | 2 | 1 | 3 | 2.6% |
| 4 | Nimba | 0 | 0 | 3 | 2.6% |
| 5 | Lofa | 0 | 0 | 0 | 0.0% |
| 6 | Grand Gedeh | 1 | 1 | 1 | 0.9% |
| 7 | Sinoe | 0 | 0 | 0 | 0.0% |
| 8 | Grand Kru | 0 | 0 | 0 | 0.0% |
| 9 | Maryland | 0 | 2 | 2 | 1.8% |
| 10 | River Gee | 0 | 0 | 0 | 0.0% |
| 11 | Bomi | 0 | 0 | 1 | 0.9% |
| 12 | Cape Mount | 0 | 0 | 0 | 0.0% |
| 13 | Gbarpolu | 0 | 0 | 0 | 0.0% |
| 14 | Rivercess | 0 | 0 | 1 | 0.9% |
| 15 | Bassa | 1 | 1 | 3 | 2.6% |
| | Total | 47 | 41 | 114 | 100.0% |

Source: CBL and Financial Institutions

Table 7.7: Summary of Digital Products and Services

| | |
|--------------------------|--|
| Digital Platforms | <ol style="list-style-type: none"> 1. National Electronic Payment System (NEPS) 2. Systematically Important Payment Systems (SIPS) <ol style="list-style-type: none"> i. Automatic Clearing House (ACH) ii. Real Time Gross Settlement System (RTGS) iii. Automated Direct Credits |
|--------------------------|--|

| | | | | | | | |
|--|--|-----------------|---------------|----------------|---|-----------------|------------------|
| Digital Channels | 1. Internet Banking 2. Mobile Phones 3. ATMs 4. POS Terminals | | | | 5. Mobile Banking 6. E-Money 7. Debit Cards 8. Prepaid Cards | | |
| Financial Products and Services | Banking | Payments | Credit | Savings | Remittances | Treasury | Insurance |

Source: CBL and Financial Institutions

Table 7.8: Annual SIPS Transactions (2019 – 2020)

| No | Platform | 2019 | | | | 2020 | | | |
|-------|-------------------|--------|--------------------|---------|------------------|--------|--------------------|---------|------------------|
| | | LRD | | USD | | LRD | | USD | |
| | | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| 1 | RTGS ² | 4,378 | 356,205,982,454.55 | 21,838 | 578,118,974.50 | 11,730 | 303,108,516,933.44 | 31,705 | 2,925,674,352.31 |
| 2 | ACH ³ | 17,324 | 33,449,808,408.95 | 72,296 | 519,205,380.87 | 14,172 | 26,747,533,207.54 | 61,485 | 509,515,978.70 |
| 3 | Direct Credit | 8,234 | 595,606,963.16 | 12,278 | 11,929,301.17 | 9,768 | 2,138,181,064.75 | 11,964 | 26,413,086.80 |
| 4 | NEPS ¹ | | | 8,472 | 1,406,419.00 | | | 4,278 | 735,605.00 |
| Total | | 29,936 | 390,251,397,826.66 | 114,884 | 1,110,660,075.54 | 35,670 | 331,994,231,206 | 109,432 | 3,462,339,022.81 |

Source: CBL and Financial Institutions

Table 7.9: Digital Financial Services Use for 2020

| Indicator | | LRD | | USD | |
|-----------|------------------|-------------|--------------------|------------|------------------|
| | | Volume | Value | Volume | Value |
| 1 | ATM | 655,541 | 1,918,490,562.00 | 953,909 | 230,913,564.25 |
| 2 | POS | 1,529 | 680,722,100.44 | 180,240 | 19,839,865.95 |
| 3 | Internet Banking | 3,064 | 2,293,747,446.56 | 54,130 | 297,155,598.13 |
| 4 | Mobile Banking | 49,553 | 274,627,559.00 | 916,012 | 137,067,289.78 |
| 5 | E-Money | 20,655 | 2,464,693,897.79 | 14,005 | 663,510,681.54 |
| 6 | Mobile Money | 183,176,143 | 140,933,529,382.84 | 44,758,752 | 276,732,625.65 |
| 7 | Debit Cards | 520,437 | 1,173,495,740.00 | 323,724 | 2,739,836,851.76 |
| 8 | Prepaid Cards | 215 | 2,811,212,400.00 | 170,705 | 24,697,228.71 |
| Total | | 184,427,137 | 152,550,519,089 | 47,371,477 | 4,252,686,415.99 |

Source: CBL and Financial Institutions

Table 7.10: NFIS Implementation Working Groups

| | Access to Financial Services & Credit | Digital Financial Services | Consumer Protection & Financial Capability | Total |
|---|--|----------------------------------|---|-----------|
| Central Bank of Liberia | 4 | 4 | 4 | 12 |
| <i>o/w:</i> | | | | |
| <i>FSDU</i> | 1 | 1 | 1 | 3 |
| <i>RSD</i> | 1 | 1 | 1 | 3 |
| <i>PSD</i> | 1 | 1 | 1 | 3 |
| <i>MISTD</i> | | 1 | | 1 |
| <i>CU</i> | | | 1 | 1 |
| <i>FMD</i> | 1 | | | 1 |
| Ministry of Finance & Development Planning | 1 | 1 | 1 | 3 |
| Ministry of Justice | 1 | | 1 | 2 |
| Ministry of Commerce & Industry | 1 | | | 1 |
| Ministry of Education | | | 2 | 2 |
| Ministry of Gender & Social Protection | | 1 | 1 | 2 |
| Ministry of Internal Affairs | | | 1 | 1 |
| Ministry of Post and Telecommunications | | 1 | | 1 |
| Liberia Revenue Authority | | 1 | | 1 |
| Civil Service Agency | | 1 | | 1 |

| | | | | |
|---|-----------|-----------|-----------|-----------|
| LIBTELCO | | 1 | | 1 |
| LTA | | 1 | 1 | 2 |
| Mobile Money Operators | 2 | 2 | 2 | 6 |
| Liberia Bankers Association | 3 | 3 | 3 | 9 |
| Association of Insurers of Liberia | 2 | 2 | 2 | 6 |
| NEMIL | 1 | | 1 | 2 |
| Liberia Marketing Association | | 1 | 1 | 2 |
| Press Union of Liberia | | | 2 | 2 |
| Civil Society Representative | | | 1 | 1 |
| LCUNA | 1 | 1 | | 2 |
| Total | 16 | 20 | 23 | 59 |

Source: CBL