



BANK OF SIERRA
LEONE

Financial Literacy

Core Messaging: Module 3, Edition 1

SAVINGS



Developed by the Financial Education, Financial Literacy and Consumer Protection Technical Working Group, under the implementation of the National Strategy for Financial Inclusion (2022 – 2026).



ABOUT THIS MODULE

One of the most important topics about managing your finances is savings. The word savings is always talked about but do we know how to save?

This module gives important information about savings and how to practice savings. We have a desire to save but find it difficult to put those desires into action. This module will also provide some easy saving tips that can set you on your savings journey.

It is not possible to save all your money so we learn to “spend a little, save a little”.

WHAT IS SAVINGS?

Savings is the practice or habit of putting aside an amount of money so you can use it in the future. A key word here is “habit” – savings is not something you do once, but something you do regularly. You must regularly put aside some money to build up your savings.

i Here are two important reasons to save.

Savings is for everyone – whether you are a student, parent, kekeh driver, teacher, market woman or farmer. It doesn't matter how much money you make or have; you can always find ways to save.



- (1) Savings provides financial security. We often have unexpected expenses or emergencies (e.g., medical bills, education, an accident, etc.) and it can be hard to pay for them right away. By saving, you can have some money for these unexpected problems and reduce the financial burden on you or your family.
- (2) Savings gives you freedom. Savings give you flexibility and peace of mind. You can be confident that there is an amount of money available if you need, and you can have the freedom to choose how you want to spend it.

? What does it mean to save?

For you to be successful at savings, it will require two main things

- Discipline – Savings is a habit! It is important to stick to it and regularly contribute to your savings. Sometimes you will want to spend, but you must be disciplined to savings.
- Sacrifice – To save, you will need to sacrifice. This means you must give up buying or spending money today so you can have available money in the future.



A good way to think about savings is by using the acronym SAVE:

- **Spend less.** *You can save by spending less. Focus on your needs, not your wants to find areas where you can reduce your spending (e.g., pack a lunch, buying on sale, not buying new clothes for every event).*
- **Actively contribute.** *Savings require your active participation. Contribute to your savings on a regular basis and be active in trying to achieve your goals. You can do this by developing a budget or a savings goal plan.*
- **Value what is important.** *Remember when you save, it is a sacrifice. Is what you are spending money on right now important to you? Or is the future security for you and your family more important?*
- **Empower yourself.** *The more you save, the more you will be empowered. You will have the freedom and flexibility to make good financial decisions, and you can be confident in yourself that you have money for the future.*



What are the steps to start saving?

1 Have the right mindset.

- Saving starts with your mentality. You need to be disciplined and willing to sacrifice to save successfully.
- Make savings a priority!

2 Create a savings goal.

- Ask yourself – why do I want to save? How much does it cost? How much do I need to save regularly to achieve it?
- Have a realistic goal defined by activity (e.g., buying a car or wedding), or by an amount (e.g., saving Le500 a month)



3

Budget for savings.

- Remember that savings is a must! Think of savings as a mandatory expense.
- A good way to build a habit is to immediately set aside 10-20% of your income as savings even before you start spending on other expenses.
- Learn to spend less – focus on your needs and not your wants.

4

Save safely.

- It can be tempting to spend your savings before you intend to; or we find excuses to avoid saving.
- There are many options on where you can save your money:
 - ✓ Commercial banks, Community banks and Financial Service Associations (FSAs) – these are regulated formal financial institutions that can offer different savings products. Community banks and FSAs are more likely to be in rural areas.
 - ✓ Deposit-taking Microfinance Institutions (MFIs) – some MFIs offer savings accounts.
 - ✓ Osusus, savings groups and Village Savings and Loans Associations (VSLAs) – these are informal community-led methods of savings. These groups are often with friends and other members from the community where they come together and save regularly.



SOME TIPS / BEST PRACTICES

- **Save to avoid taking loans.**

By saving early on, you can avoid taking a loan. It is common for people to have difficulty in repaying their loans, so it is better to have extra money that can be used for unexpected expenses.

- **It is never too late or too early to start saving.**

Start saving now! The sooner you start, the sooner you can reach your financial goals. The only way to build the habit is to be consistent and have the right mindset. You should always be planning for your future.

- **Keep your savings safe.**

Put your savings in a safe and secure place, preferably a regulated financial institution. Keeping large amounts of money at home can be dangerous – it can easily get stolen or destroyed by fire, animals, etc.

- **Make your savings worth it.**

Many financial institutions offer savings products where you can earn interest (money) on your savings balance. Make the most out of your savings by finding accounts that offer high interests and low fees. Compare different options and evaluate both the fees you will have to pay if you withdraw and how much interest you will get (monthly, yearly, etc.).

- **Encourage your children and others to save.**

The earlier you develop the mindset to save, the better. Children also need to understand the importance of savings so they can start planning for their future from an early age. They can start to save small amounts in a tin box.

- **Money speaks: “If you take care of me today, I will take care of you tomorrow.”**

Bank of Sierra Leone (BSL)'s *Financial Literacy Core Messaging* is an initiative under the National Strategy for Financial Inclusion (2022 – 2026). Topics and messaging presented have been developed in consultation with the Financial Education, Financial Literacy and Consumer Protection Technical Working Group. The Working Group consists of a variety of stakeholders and partners from different sectors. The Financial Inclusion Secretariat is grateful for the knowledge, input and support of the Working Group in the development of these core messages.

Disclaimer:

BSL's *Financial Literacy Core Messaging* only provides the foundation for key topics. It is expected that consumers and businesses continue to seek out other resources to further develop their financial literacy skills. It is the responsibility of the Bank of Sierra Leone to provide accurate and unbiased information in alignment with existing legal frameworks. While the BSL does not guarantee that the core messaging will result in greater levels of income or prosperity, guidance from the core messaging will allow individuals and businesses to better manage their finances.

For inquiries, comments and/or suggestions on the *Financial Literacy Core Messaging*, please email: fkamara@bsl.gov.sl



FINANCIAL INCLUSION SECRETARIAT (FIS)
Financial Sector Development Unit (FSDU)
Bank of Sierra Leone
Siaka Stevens Street, Freetown
www.bsl.gov.sl