



BANK OF SIERRA
LEONE

Financial Literacy

Core Messaging: Module 5, Edition 1

Your Financial Rights and Responsibilities



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

As a consumer of financial products and services, you have certain rights and responsibilities. It is important to understand what you are responsible for when you register for an account or a loan. On the other hand, it is also important to know what rights you have as a consumer so you can protect yourself from any potential risk.

This module will showcase the differences between your rights and responsibilities, and give examples of each. Knowing your rights and responsibilities will allow you to engage freely with the financial sector, boost your confidence in the financial system and promote financial inclusion.

WHAT ARE THE DIFFERENT TYPES OF FINANCIAL SERVICE PROVIDERS?

Before we talk about some of your rights and responsibilities, let us take a closer look at the different types of financial service providers (FSPs).

If you can – it is best to use any financial institution that is regulated and supervised by the Bank of Sierra Leone (BSL). Regulated FSPs are supervised and monitored by the BSL, must comply with all laws and regulations and are safer for consumers.

Types of regulated financial service providers (FSPs)



- **Commercial banks** – *larger institutions that offer different current accounts, savings accounts, loans, investments, international banking and foreign account services, etc.*
- **Community banks** – *smaller institutions, similar to commercial banks, but typically located in communities and have fewer services, mainly offer deposit and savings accounts, and smaller loans*
- **Financial service associations (FSAs)** – *similar to community banks but smaller in size and provides small-scale loans and savings accounts*



- **Microfinance institutions (MFIs)** – *institutions that mainly offer small-scale loans; there are **deposit-taking MFIs** that allow clients to open savings accounts and **credit-only MFIs** that only provide credit and do not accept deposits*



- **Mobile money operators (MMOs)** – *these types of institutions are licensed mobile money service providers that develop and offer financial services through mobile phones and mobile telephone networks; mobile money accounts allow you to hold money digitally*



What is the role and responsibility of the Bank of Sierra Leone (BSL)?

The BSL's primarily objective is to ensure there is financial stability and soundness of the financial system and the players in the sector. It is also BSL's responsibility to monitor the different products and services that are in the market.

This means that the BSL monitors these institutions to make sure your money is safe. The BSL also created a Deposit Protection Fund to insure your money deposited in a regulated financial institutions in the case something happens to the financial service provider.



Did you know that there are regulations and guidelines to protect you and make it easier for you to bank?

- Tiered Know-Your-Customer (KYC) Guidelines – makes it easier for customers to open bank accounts at regulated financial institutions. These guidelines have different levels of documentation requirements – with the lowest tier only requiring basic information such as customer name, address, and passport-sized photo.
- Directives on Provision of Financial Services on Non-Discriminatory Basis – Directives where no financial institution is allowed to reject a consumer because of their gender, race, tribe, community, or age.
- Financial Consumer Protection Guidelines – Guidelines to protect customers from harmful, unfair or predatory practices by FSPs; it also serves as guidelines for FSPs on how to handle data protection and complaints



If you need to exchange foreign currency, use regulated and licensed financial institutions such as forex bureaus, commercial banks, etc.

- Ensures you are receiving legitimate money and not fake bills
- Monitored / supervised to ensure there is no illegal activity or risk to consumers
- Count your money before leaving the bureau or bank branch

Informal / unregulated financial services

If you are unable to use or receive service at a regulated financial institutions, there are some informal financial services available.



- **Non-governmental organisations (NGOs)** – *few NGOs and other organisations offer microfinance and small-credit loans; but these are not regulated or supervised by the Bank of Sierra Leone*,



- **Small savings groups, Osusus** – *community-based groups that are built on the trust of other members; often close to your community but again, not regulated by the BSL*.
- **Village savings and loan associations (VSLAs)** – *an alternative for savings and loans; also community-based and rely on the trust of the members; members in these groups are close and have different features; and are also not regulated by the BSL*

If you want to participate in these types of groups, it is advisable to use groups that are formalised and facilitated by reputable NGOs.



Should I use informal money lenders for getting loans?

You are advised to avoid using informal money lenders for loans:

- The interest rates from these loans can be very high.
- Many of these lenders cannot be trusted – they will not explain all the costs and fees, and it is unlikely to have a contract that outlines the terms and conditions of the loan.
- Since they are not regulated or supervised, informal money lenders may operate outside the law. They may use tough or inappropriate methods to recover money if they are not paid back.



Knowing how to transact and engage with financial service providers (FSPs)

Once you have opened an account or have a loan with an FSP, you will be transacting with them – whether it is repaying the loan, depositing money or withdrawing cash.



Understand the costs involved

- Every transaction will have some sort of cost (e.g., interest, fees, etc.).
- Before you make a transaction, find out how much it will cost.
- Only accept the transaction if you are comfortable with the costs.



Protect your personal information

- Do not share any private confidential information (e.g., password, PIN).
- Destroy any confidential documents / information that you do not need.



Ask questions

- Only share this information with officers at the financial institution.
- It is your right to know all the information about a product or service.
- Always ask questions, especially if there is written information.
- If they do not give you any information, it may not be the right institution for you, and may be risky.



Keep records

- Keep a record of all your transactions, receipts or slips you receive.
- Once you make a payment or transfer money, make sure the correct amount has been taken from your account and they have received it.



WHAT IS CONSUMER PROTECTION?

Do you feel like you don't trust banks or spend too much time waiting in line? Are you charged with high fees or find it their contracts confusing?

The Bank of Sierra Leone understands the importance of protecting customers. For the financial sector to be successful, there must be trust from the customers. To protect the customers, the BSL issued Financial Consumer Protection Guidelines (www.bsl.gov.sl).



What is the purpose of consumer protection?

- Improve customers confidence in the financial sector and promote financial stability
- Protect customers from unethical or exploitative practices which reduce the trust / confidence of using financial products / services
- Improve communication between FSPs and customers
- Support customers to manage their finances and any shocks



What is the difference between my right and my responsibility as a consumer?

Right

Something that the consumer deserves and is entitled to

- To be treated with respect, fairly, professionally
- Not to be denied any service or product because of gender, age, race, etc.
- To choose or decide the right financial product / service
- To complain and seek redress
- To receive the amounts stated in any agreement
- To have access to all correct and relevant information

Responsibility

Something that the consumer must comply with, legally must do because of an agreement; an obligation

- To treat staff and others of FSPs with respect
- To provide the correct and reliable information
- To look at options, receive advice before making decisions
- To comply with any terms or conditions under the signed agreement (i.e., to pay loans, interest, fees, etc.)
- To ask questions and clarify before agreeing to anything

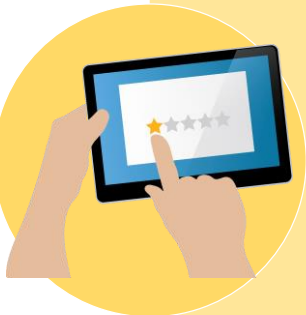


What do the BSL's Financial Consumer Protection Guidelines say?

- Fairness (sections 4.0-4.2 of Guidelines)
These sections focus on ensuring that financial service providers act fairly, professionally, ethically and reasonably in all interactions with its consumer; that there are no discriminatory practices, unfair terms and conditions in contracts and unfair business practices
- Reliability (sections 2.0-3.0, 4.4-5.2 of Guidelines)
These sections focus on protecting consumer information, data protection and privacy, cybersecurity, appropriate procedures for closing of accounts, debt collection and product suitability; focuses also on complaints management systems and procedures
- Disclosure and transparency (sections 6.0-6.5 of Guidelines)
These sections focus on disclosure requirements; institutions must be transparent as possible by disclosing all the relevant information including Key Facts Documents, terms and conditions, interest rates and fees, and notice of disruptions, suspicious activity, etc.

What if you want to make a complaint?

- Every financial institution is responsible for creating a separate unit for customer complaints.
- You have the right to make a complaint if you have any issues with the products, services or staff of the institution.
- The financial institution has the responsibility to respond to your complaint based on the timelines listed in the Consumer Protection Guidelines.
- If you are not satisfied with how your complaint was addressed, you can contact the BSL.



REMEMBER:

It is your responsibility to review the Financial Consumer Protection Guidelines (available at www.bsl.gov.sl) to learn about your rights and responsibilities as a consumer.



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