



CENTRAL BANK of SOLOMON ISLANDS

P.O. BOX 634, Honiara, Solomon Islands

Article: 03/2022

Friday 29th July 2022

Consumer Empowerment: How FSP and CBSI Empower Consumers

In last week's article we learned about why consumer empowerment is important and what consumer empowerment is in the context of financial inclusion.

This week we will look at how Financial Service providers and CBSI empower consumers.

So How do Financial Service Providers and the Central Bank of Solomon Islands empower consumers?

1. Managing personal finance and financial competency program from CBSI

CBSI through the National Financial Inclusion Unit delivered financial literacy and competency programs to empower consumers. The financial literacy and competency program focused more on the financial literacy skills and knowledge with an aim to assist individuals to make informed decisions on their personal finance and resources. There were two programs "Managing your personal finance" and "Make money work for a better future". As part of the consumer empowerment component, the former also educate customers on where to save money and the importance of visiting FSPs as well as understanding the types of products and services. The latter empower consumers with a topic "Choose and Use" which outline the roles and responsibilities of customers as well as the FSPs.

2. Product awareness from the Financial Service Providers.

The product awareness program is the distribution of information on different types of products and their benefits, the terms and conditions, fees and charges, the requirements, procedures and

relevant documents needed to access the products and services. There are different channels in which FSPs deliver product awareness which include, over the counter, media (radio, newspaper, and website), festivals, roadshows or organised workshops and trainings in schools or the communities.

3. Issue Prudential Guidelines to Financial Institutions specifically on PG8 on Disclosure of Interest Rates, Fees & Charges and PG9 on Complaints Handling.

CBSI issued Prudential Guidelines including Prudential Guidelines 8 and 9 (PG8 and PG9) to the Financial Institutions. Prudential Guidelines refers to rules and procedures in which all financial institutions licensed by the CBSI must comply with in order to promote a sound financial stability.

Under PG8, the Financial Institutions are required to disclose their interest rates, fees and other charges on all loan and deposit products and any other fees and charges relating to banking services. For example, before entering into a contract such as a loan contract, Financial Institutions shall fully disclose their interest rates and fees/charges and the manner in which interest is calculated.

While PG9 provides a mandatory provision that Financial Institutions, must resolve complaints and convey the decision to a customer no later than 30 calendar days from the date of when complaint or concern is raise, unless legal proceedings are required.

What are the roles and responsibilities of consumers to empower themselves?

Shopping around in order to understand the types of products and services offered by different FSPs. By doing so, consumers/customers have the opportunity to compare the prices and costs before choosing which products & services that suit their needs and financial situations.

Be confident to ask questions for further clarifications or in-depth information to know more about the products and services.

Avoid fear and build the confidence to visit any FSP offices (Commercial banks, Insurance companies, Credit union and Credit institutions such as Credit Corp, Solomon Finance Ltd or microfinance- SPBD) to seek further clarifications or to enquire for more information regarding a particular products and services.

Invite someone (Family members/friends) to accompany you to the FSPs if you are not confident to visit the FSPs by yourself.

If you have any questions, concerns and problems, your first move should be visiting the FSPs. These FSPs will provide first-hand information to answer your question, clarify your doubts, and provide solutions to your issues. Under PG9 issued by CBSI, your query or concern raised with your FSP must be resolved within 30 days. This will avoid receiving a misleading and false information about the financial products and services.

End//

(Prepared by the National Financial Inclusion Unit)

For more information, contact the Financial Inclusion Unit at the Central Bank of Solomon Islands (CBSI) on 21791 or Email: info@cbsi.com.sb | Website: www.cbsi.com.sb