



CENTRAL BANK OF SOLOMON ISLANDS
Financial System Regulation Department

Prudential Standard No. 8

Disclosure on Interest Rates, Fees & Charges

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1. Introduction

Applicability

1. This Prudential Standard is applicable to commercial banks and credit institutions¹ licensed by the Central Bank of Solomon Islands (CBSI). It covers all new contracts for loan, deposit, and other financial products and services entered into, on or after the issuance of this Prudential Standard. It also applies to all existing contracts for loan, deposit, and foreign exchange products whose terms are renewed, extended or otherwise modified on or after the issuance of this Prudential Standard.

Background

2. The Prudential Standard sets out the minimum requirements for the disclosure of interest rates, fees and charges of all financial institutions' and credit institutions' products and services in Solomon Islands.
3. In addition to its function to promote a sound financial structure, the standard has been developed to strengthen consumer protection as well as improving the level of financial literacy.
4. It shall be the responsibility of the board of directors or proxy board² and managing officers of each financial institution to ensure full disclosure of the pricing of their financial products³, which must be readily available to the public so that they can make informed financial decisions on the use of the products and services offered.

2. Customer Disclosure and Communication Requirements

Disclosure Requirements to the public

5. Each financial institution is required to publicly disclose their interest rates and fees and other charges on all loan and deposit products, and any other fees and charges relating to banking services.
6. The interest rates, fees and other charges shall be publicly displayed in a conspicuous manner in each office, branch, and agency⁴ of the financial institution in Solomon Islands in written format through either brochures, posters, or leaflets in the template outlined under Schedule 1.
7. Any change or introduction of new interest rates, fees and other charges relating to loan and deposit products and other financial products and services relating to banking services shall be disclosed by the financial institution to the public by notice in the

¹ For the purposes of this prudential standard, we use the term "financial institutions" to refer to commercial banks and credit institutions operating in the Solomon Islands.

² Senior officers who have been authorised by the board of directors to act on their behalf in executing their role and responsibilities in Solomon Islands.

³ This includes loan, deposit and other financial products and services

⁴ The term 'agency' refers specifically to the use of agents whom act as an intermediary for processing the opening of new deposit accounts for financial institutions; hence, information to the consumer needs to be disseminated at this point.

format in Schedule 2 at least 30 (thirty) calendar days prior to the effective date of the proposed change in the following modes where applicable:

- a) posting in a conspicuous place in all offices, branches and agencies of the financial institution in the Solomon Islands, a notice detailing the proposed change in interest rates, fees or other charges;
 - b) publishing in a newspaper in general circulation in Solomon Islands, in plain English once a week for four (4) weeks a notice detailing the proposed changes in interest rates, fees and other charges; and
 - c) Publishing on the financial institution's website and other online platforms.
8. In addition to the notification procedures above, any changes made to interest rates, fees and charges should result in an update of all written format as described in Paragraph 6 with immediate effect as of the proposed date of change.

Pre-Contractual Conduct

9. Financial institutions shall fully disclose in writing and discuss, in plain English or Pidgin, to a customer before entering into a contract for a loan or deposit product:
- a) the effective interest rate⁵;
 - b) the annual percentage rate;
 - c) terms and conditions;
 - d) the manner in which interest is calculated (i.e., simple interest or Rule of 78) and the effect it has on the interest rate in the event the loan is paid off early;
 - e) for variable rate loan and deposit products, a reference should be included that highlights the possibility for potential recalculations of interest rates at a later date over the term of the contract given the variable nature of the product and;
 - f) a reference that emphasises the possibility of potential additional costs in the form of third-party fees such as insurance fees, charges and premium; valuation fees; solicitor's fees; etc; and;
 - g) a reference that clearly outlines the possibility of incurring penalties and forfeitures including (i) for non-payment of loans; and (ii) for withdrawal of savings deposits or early termination of time deposits.

Contractual Requirements

10. All contracts shall be in writing in plain English and customers must be provided with a copy of the contract free of charge. Any additional copies requested by the customer may be charged by the financial institution, which the customer must be informed prior to purchase.

⁵ The effective interest rate is the rate that represents the actual annual cost of credit over the term of the loan. It includes any fees or additional costs directly associated with a loan providing the borrower with a cost that can be easily compared with similar products offered by other lenders. In other words, it is the total amount of interest payments on a loan or deposit product plus the amount of any interest paid at closing plus any establishment or loan origination fees plus any other fees and charges over the term of the loan as a percentage of the principal amount borrowed. For example, a \$50,000 loan for 2 years. Total interest payments of \$5,000 per annum, loan origination fee of \$2,000, \$600 in fees charges per annum. The effective interest rate would be 13.2% per annum.

11. Financial institutions shall only apply interest rates, fees, and other charges that are disclosed in loan contracts and deposit terms and conditions. Charging of an undisclosed fee or charge is a contravention of this prudential standard under section 8 (4) & (5) of the Financial Institutions Act 1998 (FIA).
12. No interest rates, fees, or other charges shall be effected by a financial institution after a customer enters into a contract for a loan or deposit product without prior notification to the public as outlined in Paragraph 7.
13. Loan contracts and deposit terms and conditions, which provide for variable interest rates, must state within the contract the possibility that interest rates may be subject to change.
14. For loan contracts specifically, customers should be provided with information of a loan repayment schedule that outlines the principal amount, interest payments, and total cost of borrowing over the term of the loan prior to the completion of the contract. Where factors alter the agreed interest payment, the financier has the discretion to amend repayments to keep the loan within original term or to keep repayments at same amount and an extension of term would apply. In the instance that amendments have been made to the terms of the contract, written documentation outlining the changes will be provided to the consumer upon request and free of charge. Notifications to the public, as outlined in Paragraph 7, should state that customers can request this written documentation, if it applies to their case.
15. Financial institutions shall state in the contract or other contractual documentation with the customer that the financial institution will provide, free of charge, at least one quarterly statement of account on each customer account upon request of the customer. It shall disclose the customer's account conduct detailing separately the balance and each debit and credit to the account for each day, including any interest charges, fees, penalties or other charges. Thereafter, financial institutions may, at their discretion, charge for additional statements requested by the customer.
16. All written communications by a financial institution with a customer must be in plain English which, wherever possible, avoids the use of technical or legal language. Where it is unavoidable, the phrases or terms should be explained in plain English.

3. Reporting Requirements to CBSI

17. Each financial institution is required to submit to the CBSI **not later than 30 (thirty) calendar days** following the implementation of this standard, the information on all banking products and services with the applicable interest rates, fees, and other charges in Form 4 - the CBSI Financial Institutions Prudential Return on interest rates, fees, and other charges in Schedule 3.
18. Thereafter, financial institutions must notify the CBSI, using Form 4 - the CBSI Financial Institutions Prudential Return on interest rates, fees, and other charges in Schedule 3., of any variation in or the introduction of new interest rates, fees and other charges on loan and deposit products and other financial products and services before

publication of such change to the public as outlined under paragraph 7. An explanation for the change or introduction of the new interest rates, fees or other charges must be provided in Form 4, Schedule A - Commentary on changes to, introduction of new rates, charges and fees.

4. CBSI Oversight and Intervention

CBSI's Right to Investigate and Restrain New Interest Rates, Fees and Charges

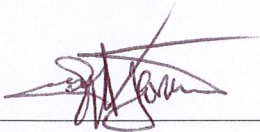
19. The CBSI reserves the right to investigate and intervene, and may, in line with its administrative powers under section 63 of the CBSI Act, and section 16(1) (b) prohibit the introduction of any new interest rates, fees, or charges where:
 - a. there is evidence that such changes are excessive or not reasonably justified; or
 - b. the financial institution has failed to comply with the disclosure requirements prescribed under this Prudential Standard.

5. Enforcement and Corrective Measures

20. Any financial institution that fails to comply with the requirements of this Prudential Standard or submits materially inaccurate reports will be considered as following unsound and unsafe practices as provided in section 16(1) (a) of the FIA.
21. The Central Bank of Solomon Islands may pursue any or all administrative penalties and corrective measures available under section 63 of the CBSI Act and section 16 of the FIA, including but not limited to:
 - a. issuance of a cease and desist order to prevent the continuation of unsound and unsafe practices;
 - b. action to replace or strengthen the management of the financial institution; and
 - c. imposition of monetary penalties as provided for in section 63 of the CBSI Act

Effective Date

22. The effective date of this Prudential Standard is 30th November 2025.
Issued this **25th** day of **September** 2025.



Luke Forau, (PhD), Governor
Central Bank of Solomon Islands

Schedule 1 – Disclosure Template

Paragraph 6 of Prudential Standard No. 8 on Disclosure of Interest rates, fees and charges

Item No.	Fees Name/Description	Value or rate of the interest, fee, or charge. If applicable, please provide the range	Frequency (hourly, daily, monthly, etc.)

Schedule 2 – Notification of Changes

Paragraph 7 of Prudential Standard No. 8 on Disclosure of Interest rates, fees and charges

Item No.	Fees Name/Description	Current		New	
		Value or rate of the interest, fee, or charge. If applicable, please provide the range	Frequency (hourly, daily, monthly, etc.)	Value or rate of the interest, fee, or charge. If applicable, please provide the range	Frequency (hourly, daily, monthly, etc.)

Schedule 3 – Form 4 Prudential Returns

Paragraph 18 of Prudential Standard No. 8 on Disclosure of Interest rates, fees and charges.

A Microsoft Excel copy of Form 4 Prudential Returns will be made available to the commercial banks and credit institutions for reporting purposes.