

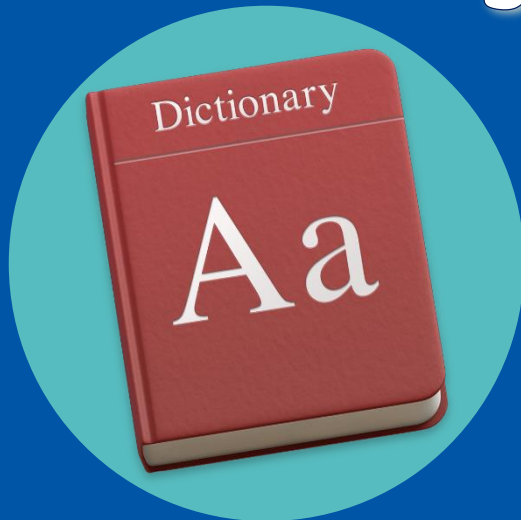


BANK OF SIERRA
LEONE

Financial Literacy

Core Messaging: Glossary, Edition 1

Financial Inclusion Glossary



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

The financial inclusion glossary provides definitions for key terms and concepts related to the financial sector, financial inclusion and general finance or economics.

The glossary is designed to ensure that terms are explained in a non-technical and simplified way to provide a basic understanding.

The words in this edition are not exhaustive and will be updated from time to time as more modules and concepts are introduced.



ASSET

Something that belongs to an individual or business which has a monetary value (i.e., it can be sold or used in the future as money).

AUTOMATED TELLER MACHINE (ATM)

An electronic device or machine associated with a bank that allows customers of the bank to withdraw cash using a bank (debit) card.

BORROWER

A person or organization that takes and uses a loan from another person or organization with the intention of returning it.

BUDGET

A detailed plan of your spending / expenses and your income over a given period (e.g., a month or a year).

BUSINESS

An organisation that conducts activities such as selling goods and services for profit purposes.

CENTRAL BANK

A government body / institution that is responsible for regulating and supervising the financial sector, printing, and issuing the country's money, and formulating and implementing monetary policies. In Sierra Leone, the central bank is called the Bank of Sierra Leone.

COLLATERAL

Any asset that is typically pledged by a borrower when getting a loan; the lender has the right to keep the asset if the borrower does not repay the loan.

COMMERCIAL BANK

A typically larger financial institution that provides a variety of financial products and services (e.g., loans, current accounts, savings accounts, foreign accounts, investments, etc.).



COMMUNITY BANK

A typically smaller financial institution that accepts deposits and provides loans, that primarily serves business and individuals in a small geographic area.

CONSUMER PROTECTION

The practice of protecting, or safeguarding (financial) consumers against unfair practices by (financial) institutions and/or organisations

COST

The amount of money to be paid or spent to buy or obtain something.

COST OF BORROWING

The total cost of receiving a loan – typically includes any interest that needs to be paid and additional transaction fees

DISCRIMINATION

The unjust or unfair treatment of different categories of people, especially on the grounds of ethnicity, age, sex or disability.

DISPOSABLE INCOME

The amount of money an individual or family has left over from their salaries after paying their necessary expenses

DURATION (regarding a loan)

The length of time in which the borrower must repay a loan; typically, in months or years)

EXPENSES

The amount of money that a person or business spends for various products, services, etc.

FAIRNESS

Impartial and just treatment or behavior without favoritism or discrimination.

FINANCIAL EDUCATION

Knowledge and understanding of key financial concepts and terms.



FINANCIAL LITERACY

Ability to use financial knowledge to make informed decisions about your finances and use your finances in an effective way.

FINANCIAL SYSTEM

A set of financial institutions such as commercial banks, insurance companies, mobile money operators, and microfinance institutions that provide financial products and services.

FINANCIAL SERVICE ASSOCIATION (FSA)

A community-based financial institution in Sierra Leone that provides small-scale loans and savings accounts and is licensed by the Bank of Sierra Leone.

FINANCIAL SERVICE PROVIDER (FSP)

Any institution that is registered and licensed by the Bank of Sierra Leone that provides a financial product or service, also known as a financial institution

GUARANTOR

A financial term for an individual who promises to pay a borrower's debt if the borrower does not meet their loan obligation(s).

INCOME

Any money received, especially on a regular basis, for work or through investments.

INFLATION

The persistent increase in the general price level over a given period, typically expressed as a percentage over a year.

INTEREST (when related to a loan)

A sum of money, typically a percentage of the principal amount, paid regularly as a cost of borrowing money.

INTEREST (when related to savings or investments)

A sum of money, typically a percentage of the amount saved, gained regularly as returns for saving money or as part of an investment.



INVESTMENT

An asset purchased or money committed to a financial product or service with the purpose of it producing future income, returns (i.e., interest).

LENDER

An individual, group (public or private), or a financial institution that makes funds available to a person or business with the expectation that the funds will be repaid, typically with some additional costs/fees (i.e., interest).

LIABILITY

Something a person or company owes to another individual or organization, typically a sum of money. Liabilities are settled over time through the transfer of economic benefits, such as money or other assets.

LOAN

A debt or obligation incurred by an individual or organization, typically a sum of money borrowed from a financial institution or other individual.

MICROFINANCE INSTITUTION (MFI)

A financial institution that typically only provides small-scale loans, some may offer deposit accounts.

MOBILE MONEY

A way to store and manage money in an account linked to a cell phone / mobile SIM, like a bank account.

MOBILE MONEY OPERATOR (MMO)

A financial institution that provides mobile money products and services, typically associated with a mobile network operator.

NON-GOVERNMENTAL ORGANISATION (NGO)

An organization typically engaged in social causes or programs that operates on a non-profit or revenue-making basis.

PRINCIPAL (regarding a loan or investment)

The initial sum of money borrowed (as a loan) or invested, on which interest is paid (if a loan) or gained (if an investment).



PROFIT

The remaining balance of money after subtracting a business's expenses from its revenue / income.

REGULATOR

Typically a government body or institution that supervises a particular industry or business activity.

RESPONSIBILITY

A fact of having a duty or obligation because of a contract or certain position.

REVENUE

The amount of money received by company or organization typically by selling goods / products or providing services.

RIGHTS

A legal entitlement.

SALE

A transaction between the buyer and the seller in which the seller sells intangible or tangible goods / products or services in return for money.

SAVINGS

An amount of money that is frequently set aside and accumulated for future expenses.

TAXES

A compulsory contribution to government revenue, typically added on workers' income, business profits, and/or to the cost of some goods, services, and transactions. Taxes are intended to be used as government spending on public goods and services.

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