



GUIDELINE 6

FINANCIAL LITERACY & AWARENESS

FEBRUARY 2024

Disclaimer

This Guideline does not constitute legal advice. Financial Service Providers (FSPs) are advised to seek professional advice on how the requirements could be implemented within each institution. FSPs are responsible for determining the extent of each obligation. Examples outlined in this Guideline are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

GUIDELINE ON FINANCIAL LITERACY AND AWARENESS

A. Introduction

1. Pursuant to Section 5.6 of the *Financial Sector Development Policy Statement No. 3 for the Protection and Fair Treatment of Financial Consumers* ('Policy'), the following Guideline provides the minimum standards to assist FSPs implement Principle 6 of the Policy on financial literacy and awareness.
2. This Guideline applies to all FSPs defined in the Policy.
3. The terms and expressions used in the Guideline have the same meaning as those expressed in the Policy, unless stated otherwise.
4. This Guideline will be reviewed every 3 years from the implementation period, or whenever necessary.

B. Requirements

Financial Literacy and Awareness

5. Every FSP shall develop formulate financial literacy programs taking into account the gender, level of education, physical and mental ability of the consumers. At a minimum, the programme shall include the following aspects:
 - a) **Education and Awareness:** FSPs should actively educate their consumers about various financial concepts, products, and services which may also include explaining the basics of budgeting, saving, investing, and managing debt;
 - b) **Customised Programme:** FSPs should design tailored financial literacy programs that cater to the specific needs and demographics of their customer base. *For instance, programs for young adults might focus on student loans and credit cards, while those for retirees could cover estate planning and retirement accounts.*
 - c) **Accessible Information:** Financial literacy materials should be clear, concise, and accessible. Providers can create brochures, online resources, and workshops to disseminate information effectively;
 - d) **Incorporate Technology:** Leveraging digital platforms, mobile apps, and online tools, financial institutions can offer interactive and engaging content to enhance financial knowledge;

- e) **Collaboration with Regulators:** Working closely with regulatory bodies, FSPs can ensure that financial literacy initiatives align with broader national or regional goals. This collaboration can lead to more effective programs;
- f) **Employee Training:** FSPs must ensure that staff members receive training to serve as educators in financial literacy programs. They can engage with consumers directly, answering questions and providing guidance; and
- g) **Promote Responsible Practices:** FSPs should emphasize responsible financial behaviour, including educating customers of their rights and responsibilities as a consumer.

Definition

Financial literacy: a combination of financial awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being.

Financial education: the process by which financial consumers, investors and micro/small entrepreneurs improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective general advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.