



# **BOG FINANCIAL LITERACY**

## **RESPONSIBLE BORROWING**



For any enquiries contact the BoG Complaints Office @

 0596912354, 0501502270

Email: [complaints.office@bog.gov.gh](mailto:complaints.office@bog.gov.gh) | Location: 4th Floor, The Bank Square



# BOG FINANCIAL LITERACY

## RESPONSIBLE BORROWING

Always ensure that you have a real need for a loan or other credit facility before applying for it.



Critically assess your repayment capabilities before you take a decision to access a credit facility.

Remember that loans are not free and must be repaid with interest.

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Obtain and compare loan offers from multiple lenders before deciding on the best deal.

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## RESPONSIBLE BORROWING



Before signing a loan agreement, ensure you obtain a 'Pre-agreement disclosure statement' from the lender (similar to proforma invoice), for your study and for possible advice from your financial advisor.

This document summarises the terms and conditions associated with the loan. By law, all BOG-regulated lenders are mandated to provide them to prospective borrowers before loan agreements are signed.

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Information on the Pre-agreement disclosure statement should include:

- I. Interest rate of the credit facility (indicating whether fixed or variable).
- II. Annual Percentage Rate (APR)
- III. Other fees and charges such as commissions, administrative or processing fees, commitment fees, insurance.
- IV. Repayment Schedule, which should indicate whether a bullet repayment or monthly repayments are required.
- V. Late payment penalties.

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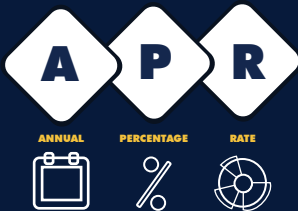
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In considering a loan offer, pay particular attention to the interest rate quoted.

Look out for the Annual Percentage Rate (APR) which represents the total cost, including interest on an annual basis and fees and charges to be paid to the lender each year for the loan.

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Always compare the APR of financial institutions in order to decide where to apply for your loan.

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Take note of all the fees and charges associated with loans including upfront charges.

Your financial service provider is required to fully disclose all fees and charges on the loan to you in the Loan Agreement.

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Fees and charges that are not disclosed to the borrower in the loan agreement will be considered null and void.

The lender would be required to refund all such fees and charges already paid by the borrower and will be liable for sanctioning by the Bank of Ghana.

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Before accepting the loan product, seek an explanation of the loan terms and conditions from the lender in any language of your choice or from your independent personal financial advisor.

This will enable you to gain the needed understanding of the product.

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## RESPONSIBLE BORROWING



Always read and ensure you understand all the terms and conditions of any Loan Agreement before signing.

Seek professional advice from a financial expert if you need it.

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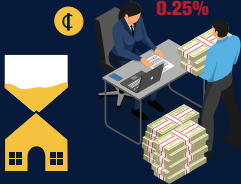
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## RESPONSIBLE BORROWING



If you desire to pay off a loan earlier than scheduled, you may be charged an early settlement penalty fee which should not exceed 0.25% of the principal amount of the loan.

Be sure to understand the terms for prepayment of your loan before you accept the loan.

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If you decide to pay off your loan earlier than scheduled, request the total outstanding amount payable from your service provider and seek an explanation where in doubt.

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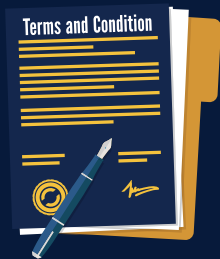
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Adhere to the agreed terms and conditions, including the repayment of the facility, after signing the Loan Agreement and obtaining the facility. Contact your lender, where necessary, to discuss any repayment challenges before the due date of the repayment.

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Always remember to obtain a copy of the Loan Agreement, duly signed by you and authorised representative(s) of the Lender, for your records.

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