



CENTRAL BANK OF LIBERIA



DIRECTIVE NO. CBL/SD/003/2011 CONCERNING DISPLAY OF INTEREST RATES AND CHARGES, AND COMPUTATION OF LENDING RATES

The Central Bank of Liberia (CBL), pursuant to requirement for information disclosure under Section 26 of the new Financial Institutions Act of 1999, hereby directs that every financial institution operating in Liberia displays its schedule of annual lending rates, interest rates on deposits, all fees, commissions and other charges in places that are clearly visible and accessible to the banking public at its various places of business, including but not limited to, head office, branches, and annexes at all times. For the purpose of clarity, visible and accessible places shall include the banking hall, main entrance of the banking premises, etc. The schedule **MUST** also include pricing by tenor and type of product (for example: overdrafts, short, medium and long-term loans).

All licensed financial institutions shall use the declining-balance method of interest computation, which requires the computation of interest on the total principal amount outstanding for each month of the tenor of the loan.

All licensed financial institutions **Shall** make available to every customer, a repayment schedule for the full tenor of the loan prior to the consummation of the loan contract, reflecting his/her monthly repayment obligations (i.e. principal and interest) to the bank.

All licensed financial institutions are further required to immediately inform their customers of any errors in the computation of the customer's obligation or loan account with a bank and actions taken by the bank to correct such errors.

Any financial institution found in violation of this directive shall be subject to a fine of not less than L\$100,000 (ONE HUNDRED THOUSAND LIBERIAN DOLLARS) for each day of violation and/or other supervisory sanctions as deemed appropriate by the CBL.

This directive supersedes Directive No. CBL/SD/005/2010 concerning display of interest rates and charges; provided that all transactions which came into effect based on Directive No.CBL/SD/005/2010 shall remain valid and enforceable instruments thereafter.

This directive takes immediate effect and shall remain in force until otherwise advised by the CBL.

ISSUED THIS 4TH DAY OF FEBRUARY 2011.

SIGNED: _____
EXECUTIVE GOVERNOR