

Short Term Saving Products

Saving money is important if you want to be financially healthy. Saving for the short term, i.e. one to three years, can be helped with the opening of a saving account or the purchase of a certificate of deposit (fixed deposit).

Saving Account

A saving account allows you to deposit and withdraw your money easily. Some banks issue a pass book or bank book in which deposits and withdrawals are recorded. If all of the transactions are recorded, the balance column will show how much money you have in the bank.

Some banks will give you a choice of using the Automatic Teller Machine service rather than a pass book. If this option is used then you will be issued with an ATM card which you can use to deposit and withdraw money. You will receive a bank statement periodically (usually every three months), showing all of your deposits and withdrawals during the period and the amount in the account at the end of the period.

There is a minimum balance with which you can open and maintain in a saving account. The amount varies among the banks but generally ranges from \$1000 to \$5,000 dollars. Check with the bank for the minimum balance.

Interest is earned on the balance of your saving account, although the interest could be low. The way the interest is calculated may vary at different banks. You should find out from the bank how interest on your saving account is calculated.

All banks require a photo identification (Identification card, Valid Passport), and most will require proof of address (telephone or electricity bill) before opening a saving account.

Certificate of Deposits

One of the ways you get a higher rate of return on deposit is when access to the money is restricted in some way (the money is banked for a specific period of time). One such product is the certificate of deposit (CD) or fixed deposit. The difference between the fixed deposit and the saving account is that the CD holders commit their money for a fixed time at a fixed rate of interest. The CD period could range from three months to two years. The longer the period of the CD the higher the rate of interest. The CD holder is paid a higher rate of interest for committing their money for a longer period.

There is a minimum balance for certificate of deposits. The amount varies among the banks but is generally \$100,000 dollars. Check with the bank for the minimum balance.

Photo identification and proof of address are also required for the establishment of a CD.