



Banking Wisely (Part 1)

This month, the Eastern Caribbean Central Bank (ECCB) in collaboration with the Bankers Association of Saint Lucia observes Financial Information Month. So we thought it fitting that over the next few weeks, we will provide information on the products and services that banks offer to ensure your financial future and well-being.

Savings Accounts

This is the most common type of account and is usually the first account most people will have. It allows the account holder to put his/her money in a safe place while earning interest. Some banks may require a minimum balance as low as \$20.00 while others may not. We have advanced to the point where savings accounts are now specialized. It is not uncommon now to have a savings account just for retirement or for a deposit on one's home. To open a savings account, one simply has to visit the bank with at least two forms of identification.

Fixed/Term Deposits

This is the term for money deposited at a banking institution that cannot be withdrawn before a certain period of time. After the term has expired, the funds can either be withdrawn with interest or re-deposited. Because of the fixed term of the deposit, banks usually offer a higher interest rate to the account holder. Some banks, however, require some form of notification before these funds can be withdrawn if the account holder wants to withdraw the funds prematurely. There is usually a penalty attached as the interest rate may be reduced for early withdrawal.

Loans

People have always had the need for capital which they do not have or will take too long to save. Without loans, people would not be able to afford a number of the necessities or

luxuries they presently enjoy (car, home, education). These are the basic types of loans you may apply for at a bank:

- Mortgage
- Consumer
- Commercial
- Developmental
- Student

The requirements for qualifying for a loan vary depending on the purpose of the loan and interest rates may also vary depending on the type of loan. Next week, we will look at these different types of loans in more detail and which one may be right for your financial needs.