



THE ASSOCIATION OF BANKS
IN SINGAPORE

About Banking Accounts

What you
should
know...

An initiative of



MoneySENSE

A National Financial Education Programme for Singapore

WHAT YOU SHOULD KNOW.... ABOUT BANKING ACCOUNTS

Money and banking are a part of everyday life. This guide aims to provide you with useful information about bank accounts and practical tips to help you choose and use a bank account effectively according to your needs.

1) Types of banking accounts

Opening a bank account will help you manage your money to meet daily and emergency needs. At the same time, you can earn interest for your deposits with some types of accounts. There are three main types of bank accounts, namely Savings, Current and Fixed Deposit Accounts. Their main features are tabulated below:-

Features	Savings Account	Current Account	Fixed Deposit
Interest Bearing	✓	Depends on product feature.	✓
Fixed Maturity	✗	✗	✓
Deposit Anytime	✓	✓	✗
Withdraw Anytime	✓	✓	✗*
Cheque Book	✗	✓	✗
Passbook	✓**	✗	✗

*If funds are required urgently you need to perform a premature withdrawal of the fixed deposit. A premature withdrawal may result in no payment of interest or partial loss of interest.

** Depending on the product features offered by your bank, you may choose to receive a passbook or regular account statements to keep track of your transactions and interest earned.

2) Which account is most suitable for me?

To decide what type of account is most suitable, consider your purpose of having the bank account. If you are going to use your account for day-to-day money management, such as to pay bills, a current, savings or a combined current and savings account will be most useful. If you are thinking of putting aside a sum of money for medium to long-term savings, then you may prefer to open a fixed deposit account.

3) Safe and convenient

a) Using bank accounts is a safe and convenient way to help you manage your daily cash flow. Your money is safe in a bank account and you have complete control over how to manage your money.

- b) You can keep track of your savings and spending transactions, pay bills, make purchases and receive money, such as cash deposits, cheques and direct credits of your salary through your bank account. You can do all these activities either by visiting a bank branch, ATM or kiosks, or transacting through the phone or Internet. Instead of keeping excessive cash on hand, depositing your money in the bank allows you to manage your money better as you are less tempted to spend unnecessarily.

4) Cheque Clearing Process

When someone gives you a cheque, and you deposit it into your account, your bank has to send the image of the cheque to the other bank to collect the amount of the cheque, so that the proceeds can be credited to your account. This process of collecting funds by one bank from another bank is called cheque clearing. Because of this, when you deposit a cheque into your account before the cheque clearing cut-off time stipulated by the bank, you will only be able to utilise the funds the following day after 2:00pm. If the cheque is deposited after the cut-off time, the cheque will be considered to be deposited the following working day and funds will only be available the day after.

5) Range of services for account holders

The following is a range of services usually available to savings and current account holders:

- a) ATM card: With this card, you can deposit, withdraw or transfer money at ATM machines. Access to this service is by your Personal Identification Number (PIN).
- b) Cash card: This is a stored-value card that you can use to pay bills and purchases.
- c) Debit card: A debit card is an enhanced ATM card with point-of-sale features that can be used to purchase goods and services electronically. The card replaces cash or checks. Transactions are deducted from your savings or current account directly.
- d) GIRO: This is a banking facility where you authorise your bank to transfer money from your account, to the account of a service provider for recurrent services rendered.
- e) Standing orders: These are instructions you give to your bank to transfer certain sums of money regularly to a third party.
- f) Electronic Funds Transfer at Point of Sale (EFTPOS): Commonly known as NETS, you can use your ATM card or debit card at outlets with this facility. Once the transaction is approved, the amount is immediately deducted from your bank account.

- g) Phone banking: With an ID and password, you can use your phone to carry out various banking transactions, such as fund transfer and checking account information.
- h) Internet banking: This is similar to phone banking, except that you do your banking transactions at the bank's website on the Internet. (See Internet Banking at paragraph 8 below.)

6) What you should look out for when opening your account.

Different banks offer accounts with different features and fee structures. Before you open an account with any bank, you should find out and understand the product features by asking the following questions:

- a) For savings and current accounts:
 - i) What is the minimum deposit to open an account?
 - ii) What is the interest rate?
 - iii) How is interest calculated, and how often is the interest credited to my account?
 - iv) Is there a minimum balance to be maintained in the account? If I fail to maintain the minimum balance, is there a service charge?
 - v) How long must I keep the account after opening it? Is there a penalty if I close it earlier?
 - vi) When a cheque is banked in, when can I use the money?
 - vii) Is there a withdrawal limit at the branch, or ATM?
- b) Additional questions for current accounts:
 - i) Is there an administration fee for account maintenance?
 - ii) Do I have to pay for the cheques provided by the bank?
 - iii) What are the charges for a returned cheque due to insufficient funds? Will I be charged interest as well?
 - iv) Will there be charges if a cheque is returned due to technical reasons, eg if the cheque is post-dated?
- c) For fixed deposits:
 - i) What is the minimum deposit to open an account?
 - ii) What is the interest rate on my deposit?
 - iii) How is interest calculated?
 - iv) Will my deposit be automatically rolled over on maturity date?
 - v) What happens if the maturity date falls on a public holiday?
 - vi) Can I withdraw my money before maturity? Will I incur a penalty if I do so? Do I still receive interest, and how is the interest computed?

7) Protecting Your Accounts

Here are some tips for protecting your account/account information.

- a) ATM Card/PIN
Remember to keep your ATM card safe and your PIN secret. To protect your PIN, you should:
 - i) destroy the original print copy of the PIN
 - ii) not allow anyone to use your card or PIN
 - iii) never write down the PIN on the ATM card
 - iv) not use easy-to-remember dates or numbers like NRIC or birthdates as your PIN
 - v) change your PIN periodically
- b) Cheque Book/Savings Passbook
Protect and keep your cheque book and passbook in a safe and secure place when you are not using them.
- c) Precaution when writing cheques
 - i) Do not pre-sign your cheques.
 - ii) Write your cheques in dark ink.
 - iii) Write your cheques in such a way to prevent unauthorised insertions, eg rule off any blank space after the payee's name and always insert the word "only" after the amount in words.
 - iv) If it is not a cash cheque, cross out the cheque with the words "Account Payee Only".
 - v) Do not use facsimile signatures on your cheques.

8) Internet banking

This is banking through online services. Banks with internet banking facilities allow customers to check balances, pay bills, transfer funds, compare savings plans, and apply for loans on the Internet. Access to internet banking services is usually through the use of user IDs/ passwords and PINs.

9) Safety precautions in Internet Banking

Banks would take appropriate measures to ensure that their websites and online facilities are secure. If you want to know more about their security procedures, ask the bank for details. You can do your part to make your online banking transactions more secure by:

- a) Keeping your ID and password to yourself. No bank staff will ask for your password.
- b) Logging on to the bank's website by entering the domain name of the bank into the browser bar. Never accept hyperlinks or redirections from other websites to log on to your bank's website.

- c) Changing your password regularly, especially if you make transactions frequently.
- d) Checking your statements regularly and look out for unauthorised entries.
- e) Remembering to log off, even if you are leaving your desk for only a short while.
- f) Clearing your computer's cache and transaction history after logging out.
- g) Do your banking transactions only on your own computer. Never use shared computers like those in cyber cafés.
- h) Protecting your computer from hackers by installing firewalls, anti-virus programmes and updating your browsers and operating system with the latest security patches.

10) Problem handling

If you encounter any problems with your account, talk to the bank. All banks abide by a code of practice called the Code of Consumer Banking Practice (CCBP), where the banks are committed to deal with their customers based on four principles:

- a) Fairness
- b) Transparency
- c) Accountability and
- d) Reliability

11) Dispute resolution

If you encounter any problems with your bank and want to raise a complaint, there is a set of procedures spelt out in the CCBP on how to go about doing it. You should seek help on your problem with your bank first as they have easy access to your records. If you are still not happy with the bank's response, you may choose to go to the independent industry-based dispute resolution scheme, the Consumer Mediation Unit (CMU) which aims to resolve problems that cannot be settled directly between you and your bank. CMU is an independent unit established in January 2003 under the ABS and is recognized by all banks in Singapore.

From August 2005, the CMU will be integrated into the Financial Industry Disputes Resolution Centre (FIDReC), which is the dispute resolution centre for the whole financial industry.

12) Further Reading

For further reading on other consumer guides, please log on to the MoneySense website at www.moneysense.gov.sg