



MANAGING YOUR DAY-TO-DAY MONEY



This is the second of a 12-part series aimed at educating consumers to be more financially responsible for themselves and their families. This series is produced by the Consumers' Association of Singapore (CASE) and The Association of Banks in Singapore (ABS) as part of the MoneySENSE National Financial Education Programme. This series is supported by the following financial institutions: American Express Foundation ABN AMRO, Citibank, DBS Bank, HSBC, Maybank, OCBC Bank, Standard Chartered Bank, and United Overseas Bank. Today, we find out how to make use of a bank account to manage your money.

Opening an account with a bank will help you manage your money to meet daily and emergency use. At the same time, you can earn interest for your deposits with some types of accounts.

There are three main types of accounts:

- **Personal Savings:** A personal savings bank account earns you interest daily. You can deposit and withdraw money from your account at the bank's branches or automated teller machines (ATMs).
- **Current:** A current account may or may not earn interest. However, it is a convenient payment tool as you can also issue cheques to pay bills.
- **Fixed Deposits:** To open a fixed deposit account, you must agree to put aside a certain sum of money for an agreed period of time. In return, you usually enjoy higher interest than personal savings. If you wish to withdraw your money before the maturity date, there may be certain penalties, such as reduced interest or you may need to pay an administration fee.

To decide what type of account is most suitable, consider your purpose. 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 as long-term savings, then you may prefer to open a fixed deposit account.

Safe and convenient

Using a bank account 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.

You can keep track of your saving 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 or kiosk, or transacting through the phone or Internet. Depositing your money in the bank allows you to manage your money

better as you are less tempted to spend unnecessarily if your money is already kept in the bank.

The following is a range of services usually offered to bank account holders:

- **Cash card:** This is a stored-value card that you can use to pay bills and purchases.
- **Debit card:** When a debit card is used to make a purchase, the amount is almost immediately deducted from your bank account.
- **ATM card:** You can deposit, withdraw or transfer money at ATM machines.
- **GIRO:** Under this facility, you authorize your bank to deduct regular sums from your account to pay to a specified third party account.
- **Standing orders:** These are instructions you give to the bank to transfer certain sums of money to a third party.
- **Electronic Funds Transfer at Point of Sale (EFTPOS):** Commonly known as NETS, you can use your ATM card at outlets with this facility. Once the transaction is approved, the amount is immediately deducted from your bank account.
- **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.
- **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)

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 these four principles:

- **Fairness**
- **Transparency**
- **Accountability and**
- **Reliability**

Dispute resolution

If you encounter any problems with your bank and want to lodge 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. If your problem is still not resolved by CMU, you can approach the CASE Mediation Centre, the Singapore Mediation Centre or the Small Claims Tribunal. These organizations handle disputes across all types of products and services, and not just those on financial matters. You can also consider whether you should bring your case to court.

For more information on CMU and CASE Mediation Centre, please visit the following websites:

www.abs.org.sg
www.case.org.sg

The Monetary Authority of Singapore has also produced a guide on what to do to resolve a problem with the financial institution, called "Getting it right: How to resolve a problem with your financial institution". The guide can be found on the "For The Consumer" Portal at www.mas.gov.sg/consumer.

Internet banking

Make sure you have the following before applying for an Internet banking account with your bank:

- Computer with Internet access
- Modem
- Telephone line (unless you have wireless access) and
- Internet account with an Internet Service Provider (ISP).

When you apply at your bank, you will be given a user ID and password. For details on the range of online services, check with the staff or visit the bank's website.

Opening an account

Get an application form from the bank, either at a branch, by mail or by downloading the form from the bank's website.

Get ready supporting documents requested by the bank, such as identity papers, after completing the application form.

Go to the branch most convenient to you to place the initial deposit and open your account. You should also ask the bank to explain to you the salient points of the Terms and Conditions for the operation of the account.

Is Internet Banking safe?

Banks would take appropriate measures to ensure that their websites and on-line 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:

- Keeping your ID and password to yourself. No bank staff will ask for your password.
- Changing your password regularly, especially if you make transactions frequently.
- Checking your statements

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

Some questions to ask before opening an account

For savings and current accounts:

- What is the minimum deposit to open an account?
- What is the interest rate?
- How is interest calculated, and how often is the interest credited to my account?
- Must I maintain a minimum balance to avoid a service charge? What is that minimum sum?
- Can I close the account anytime after opening? If not, what is the minimum time I have to keep my account? If I close early, what penalty charge will I have to pay?

When a cheque is banked in,

- when can I use the money?
- What is the withdrawal limit?

Additional questions for current accounts:

- Is there an administration fee for account maintenance?
- Do I have to pay for the cheques provided by the bank?
- Will I be penalised if the cheque I issued is returned due to insufficient funds? Will I be charged interest as well?

For fixed deposits:

- What is the minimum deposit to open an account?
- What is the interest rate on my deposit?
- Will my deposit be automatically rolled over on maturity date?
- What happens if the maturity date falls on a public holiday?
- Can I withdraw my money before maturity? Will I incur any penalty if I do so? Do I still get interest?

Contest #2

(Please read the article and answer the following questions)

1. Which of the following is not a bank account?

- a. Savings
- b. Current
- c. Fixed deposits
- d. Mortgage

2. Why do you open a fixed deposit account?

- a. to pay bills
- b. to issue cheques
- c. to withdraw money for daily expenses
- d. to put aside money for long-term savings

3. You cannot carry out your banking activities _____.

- a. at the Association of Banks in Singapore
- b. by visiting the branches
- c. through phone banking
- d. through Internet banking

4. If you have a dispute with the bank, you should first _____.

- a. talk to your bank
- b. malign the bank on the Internet
- c. go to the ABS Consumer Mediation Unit
- d. go to CASE Mediation Centre

5. What is the main function of a current account?

- a. For long-term savings
- b. To buy and sell foreign currencies
- c. To issue cheques
- d. To plan for your children's education

Terms and Conditions

- 1. Every entry must be on the official entry form. No photocopies please.
- 2. Judges' decision is final.
- 3. Winners will be drawn from correct entries.

4. Winners will be notified by post.

- 5. Prizes are not transferable or exchangeable.
- 6. There will be three winners each contest. Each winner will receive a \$50 cheque and 12 issues of The Consumer.

7. Employees of the CASE, ABS, the

- supporting organizations and Streets, and their immediate families are not allowed to take part in this contest.
- 8. One entry per person.

Official Entry Form (Contest #2)

For each question, please circle the correct answer:

- 1. a b c d
- 2. a b c d
- 3. a b c d
- 4. a b c d
- 5. a b c d

Name: _____

NRIC: _____ Age: _____ Sex: _____

Occupation: _____

Tel: _____ Handphone: _____

Address: _____

Send your entry to:

'Dollars & Sense'

Contest #2

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Closing date:

Entries must reach us

by 8 December 2003



MoneySENSE
A National Financial Education Programme for Singapore

**Next Topic on 5 Dec 03 Friday:
Are you using your credit wisely?**