

BANK ACCOUNTS



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What is a bank account?

A bank account is a financial account with a banking company, recording the financial transactions between the customer and the bank and the resulting financial position of the customer with the bank. It is an arrangement whereby you may place your deposit under the safekeeping of your bank or deposit taking financial institutions. The bank as financial intermediary channelizes these funds in productive resources and banks may pay remuneration out of profit they earn on your deposits. Bank accounts can help you manage your everyday money.

Types of Bank Accounts

Banking institutions may offer a broad range of bank account types. By learning different account categories, you can work out the choices that suit your personal needs.

Basic Banking Account

In order to broaden the access of financial services to under privileged and to facilitate and provide basic banking facilities to the low-income people in Slovakia, all commercial banks offer Basic Banking Accounts facility. The main features of this account are:

- The minimum initial deposit is depending on the bank you chose and there is a small fee for maintaining BBA.
- It is a non-remunerative account with no limit on minimum balance.
- In cases, where balance in BBA remains 'nil' for a continuous six-month period, such account is liable to be closed.
- Certain amount of deposit transactions and withdrawals are allowed, free of charge, through cash/clearing per month.
- Unlimited, free of charge, ATM withdrawals from the banks' own ATMs. In case of withdrawal from BBA through the ATM machines of other banks, the respective/other bank may recover charges for such transactions.
- Existing bank account holder can convert to BBA from regular full-service banking account.
- The banks can add more services, if they wish and also charge, as per their existing policy, for any service/transaction over and above the minimum set of services of a BBA, if they wish.

Current Account

Current bank account is usually opened by customer whom require a number of regular transactions with the bank, both deposits and withdrawals. Current account can be opened with any commercial bank in Slovakia. In current account, amount can be deposited and withdrawn at any time without giving any notice. It is also suitable for making payments to creditors.

Features of Current Account:

- It's a non-interest-bearing checking account,
- It has minimum account opening requirement (varies from bank to bank).

- All banks offer debit card which can be used to withdraw cash and make purchases across Slovakia.
- It has no restriction on number of withdrawals
- Several banks offer mobile and internet banking facilities.
- Let's you set up direct debits and standing orders to pay your bills or loan instalments.
- It may offer you other services like an overdraft and funds transfer facility.

Advantages of Current Account:

- Current account enables person to conduct his personal/business transactions smoothly.
- Account holder can withdraw any amount at any time from their current accounts.
- There are also no restrictions on withdrawals.
- The account holder can make direct payment to their creditors using only banking or mobile banking.
- The bank collects money on behalf of its customers and credits the same to their accounts.
- Current account enables the account holder to obtain overdraft facility.



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Savings Account

A savings account is a financial account at a depository institution such as a bank that pays interest on money that is saved. Savings accounts typically have modest interest rates that are lower than rates offered by fixed/term deposits. Saving account is a basic financial tool that is considered as a part of any investment and savings strategy.

Features of Saving Account

- It has minimum account opening requirement (varies from bank to bank).
- No restriction on number of withdrawals and number of deposits.
- Profit on saving accounts is credited to the customer account on periodic basis.
- Usually, savings accounts are linked to BBA or to Current account of the account holder and can be used to transfer money in and out from their BBA or current account at any time.
- Most of the banks provide Free Online Banking services or at branch network nationwide.

Advantages of Saving Account

- Saving account encourages savings habit among salary earners and others who have fixed income.
- Saving account enables the depositor to earn income by way of interest.
- Saving account helps the depositor to transfer savings within quick period to their normal bank account.
- The bank offers number of services to the saving account holders such as free travel insurance. Free coupon to certain promotion activities etc...

Term/Fixed Deposit Account

The account which is opened for a particular fixed period (time) by depositing particular amount (money) is known as Fixed (Term) Deposit Account. The term 'fixed deposit' means that the deposit is fixed and is repayable only after a specific period is over.

Under fixed deposit account, money is deposited for a fixed period say six months, one year, five years or even ten years. The money deposited in this account cannot be withdrawn before the expiry of

period. The rate of interest paid for fixed deposit vary (changes) according to amount, period and from bank to bank.

Features of Fixed Deposit Account

- The main purpose of fixed deposit account is to enable the individuals to earn a higher rate of interest on their surplus funds (extra money).
- The period of fixed deposits range between 1 year to 10 years.
- A high interest rate is paid on fixed deposits. The rate of interest may vary as per amount, period and from bank to bank.
- Withdrawals are not allowed. However, in case of emergency, banks allow to close the fixed account prior to maturity date. In such cases, the bank deducts percentage (deduction percentage many vary) from the interest payable as on that date.
- The depositor is given a fixed deposit receipt, which depositor has to produce at the time of maturity. The deposit can be renewed for a further period.

Advantages of Fixed Deposit Account

- Fixed deposit encourages savings habit for a longer period of time.
- Fixed deposit account enables the depositor to earn a high interest rate.
- The depositor can get loan facility from the bank.
- On maturity the amount can be used to make purchases of assets.
- The bank can get the funds for a longer period of time.
- The bank can lend such funds for short term loans to businesses.
- Fixed deposits indirectly boost economic development of the country.
- The bank can also invest such funds in profitable areas



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Comparison of bank accounts.

Categories	Basic Bank account	Current account	Savings account	Fixed deposit account
Minimum Balance Requirement	No	Yes	Yes	N/A
ATM Card	Yes	Yes	No	No
Debit card	Yes	Yes	No	No
Profit payment	No	No	Yes	Yes
Direct debits	No	Yes	No	N/A
Restriction on Deposits	Yes	No	No	No
ATM Withdrawal	Yes	Yes	Yes	No
Utility Bills Payment	No	Yes	No	No
Internet or Mobile Banking	Yes	Yes	Yes	N/A