



CENTRAL BANK OF NIGERIA

SAVING IN A FINANCIAL INSTITUTION

WHAT YOU NEED TO KNOW

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01. Introduction

Almost everyone has an idea of what is saving and must have saved in one form or another. This could be towards buying something needed or towards a future project such as building a house, paying school fees, marriage, hospital bills, repay loans or simply for a rainy day.

People set aside certain amounts or engage in contributions (esusu, adashe). They could also buy animals, farm produce that they can sell in the future if the need arises. These forms of saving pose a high risk to people.

Some people save in a bank because it has a lot of benefits which includes safety and earning interest.

What is Saving?

Saving is the act of setting aside something of value for future use.

Savings is an amount or something (usually of value), that is not spent or used over a period of time. It is something set aside for a future use.

What are Financial Institutions?

A financial institution is an organization that provides financial services to its customers. Examples of financial institutions include, Commercial Banks, Micro Finance Banks, Insurance Companies, Finance Companies, Primary Mortgage Institutes (PMIs), Non-bank Microfinance Institutions, etc.

The Central Bank of Nigeria regulates financial institutions licensed to receive deposits and pay withdrawals while the Nigerian Deposit Insurance Corporation (NDIC) insures the financial institutions licensed to receive deposits.

What is a Bank?

A bank is a financial institution that accepts deposit and lends out money to those in need. It also carries out other financial transactions.

In Nigeria, banks are licensed and regulated by the Central Bank of Nigeria.

Some of the services provided by banks include:

- Accept deposits and allow withdrawals
- Grant loans
- Issue statements of account
- Provide electronic banking services (Card Services, Mobile Money, Internet Banking, etc)
- Fund transfers
- Provide ways for investments (to grow your money)



02. Importance of Saving

It is important to save because the future cannot be predicted. Saving can help grow money, gives financial independence, provides safety and easy access in case of any emergency.

- 5 A form of saving that guarantees the above is saving in banks or other financial institutions.

Application form

Please fill in ALL the boxes below in BLOCK CAPITALS, using black ink.
If you miss something out it might delay your application.
Remember to read the Agreement conditions booklets enclosed and the

Step 1 – Your personal details

Title

Surname

First name

Middle name

Are you? Male

Female

Date of birth

Nationality

03. Where to Save

Saving at Home (Advantages and Disadvantages)

Many people save at home because of the following:

Advantages

- Satisfaction
- Quick access
- Avoiding fees and charges

However, whatever the assurance above gives, the following nullifies them:

Disadvantages

- Insecurity
- Damage
- Theft / robbery
- Reduction in the value of money through inflation
- Lack of insurance
- Change in government policy (eg change in currency)

Saving in a Bank

We save money in the bank for the following reasons:

- **Safety**
Money kept at home is usually not safe as homes could be burgled, robbed, washed away by flood, razed by fire or affected by other disasters.
- **Easy Access**
Having a bank account grants access to money saved from anywhere and at anytime. It also makes it easy to pay bills (electricity, water, etc.), transfer money online and make payments to customers anywhere etc.
- **Earn Interest**
Savings in banks and other financial institutions earn interest over a period of time.
- **Plan for the Future**
Planning for the future is made possible through savings.

Types of Banks and other Financial Institutions

There are various types of banks and other financial institutions in Nigeria which include:

- **Commercial Banks (Deposit Money Banks):** These are banks that provide a wide range of banking and financial services such as receiving deposits, allowing payments, granting loans and other services.
- **Microfinance Banks:** These are financial institutions that provide financial services such as savings, loans, domestic funds transfer and other services usually to startup entrepreneurs, farmers, micro, small and medium enterprises for operation and expansion.
- **Primary Mortgage Institutions (PMIs):** These are licensed financial institutions that offer mortgage loans directly to their customers to buy real estate (property).
- **Discount Houses:** A discount house is a financial institution that buys and discounts bills of exchange (Treasury Bills, Certificate of Deposits, Bonds, etc.).
- **Non-Interest Banks:** These are financial institutions that provide financial products and services based on Islamic principles (Sharia Law).
- **Finance Companies:** These are financial institutions that supply credit for buying goods and services and granting small loans to consumers.

Assignment
Agreement, or
the prior written con

SIGNATURE



04. How to Save

What to Consider in Choosing a Bank or Other Financial Institution

The following are things to consider when choosing a bank:

- **Legitimacy**
Ensure that the bank or financial institution is duly licensed by the Central Bank of Nigeria. Look out for the displayed license and NDIC logo.
- **Location**
For the purpose of easy access to bank facilities, always consider a bank closest to a place of work or residence so that visiting the bank and the ATM to make deposits and withdrawals will be easy.
- **Product and Services Offered**
Consider products and services suitable to needs and affordable.
- **Charges**
Banks charge fees for the services they provide such as SMS alert, account maintenance, card issuance and renewal. Charges can add up over time and reduce account balances. Always ensure adequate balance to take care of these charges.

All charges are regulated by the Central Bank of Nigeria Guide to Bank Charges (GBC).

- **Technology**
Choose banks that have technology to support transactions that will be needed.
- **Customer Service**
The level of customer service differs across banks and financial institutions. Choose a bank that cares, considers, supports and treats consumers with respect in case of complaints.

Types of Accounts

There are various types of accounts:

- **Savings Account**
- **Current Account**
- **Fixed deposit Account**
- **Domiciliary Account**

Savings Account

Savings account is an account provided by a bank or other financial institutions for individuals to save money and earn interest. This type of account allows for deposits and withdrawals. Cheque books are not issued on savings account.

A debit card is usually issued for this account. Banks set limits on withdrawals.

The requirements to open an individual current account include:

- Valid identity card (drivers license, voters registration card, international passport and national identity card);
- Passport photographs;
- Copy of a recent utility bill.

However, the Tiered KYC (Know Your Customer) guideline has simplified customer identification requirements.

Most banks offer regular savings account. Get a savings account today and start saving for a secure and better financial future.

Current Account

Current account is an account that allows the use of cheques to make withdrawals and payments to others (third parties). A monthly negotiable account maintenance fee is charged at the rate of N1 on every N1000 withdrawn or transferred.

This account can be operated by individuals, companies and corporate organizations.

The requirements to open an individual current account include:

- Valid identity card;
- Passport photograph;
- Copy of a recent utility bill;
- 2(two) references from existing current account holders of any bank.

The requirements to open a corporate current account include:

- Copy of Certificate of Incorporation;
- Memorandum and Articles of Association;
- Board Resolution authorizing the account to be opened;
- Completed Signature Mandate;
- Passport photographs for each signatory;
- Verification of address (e.g electricity, water bill, etc.);
- CAC form C07 and CAC Form CO2;
- Valid means of Identification;
- SCUML(Special Control Unit Against Money Laundering) certificate where applicable.

This account can have more than one signatory to the account.

Operating current account enables the holder to apply for loans.

Fixed Deposit Account

Fixed Deposit Account is an investment account where a specific amount is invested at an agreed interest rate over a specified period of time (tenor). At the end of a tenor, the investment can either be rolled over i.e. re-invested or liquidated/returned to the customer with the interest earned. The investment can be terminated before the end of a tenor, but it will attract a penalty.

The interest rate on this type of account is usually higher than that of a regular savings account.

Domiciliary Account

A Domiciliary Account is a foreign currency denominated savings or current account e.g US Dollars, Pounds, Euro, etc. This account allows deposits and withdrawals in foreign currency and also facilitates International business transactions.

The requirements include:

- A naira savings or current account;
- Duly completed mandate forms;
- Passport photographs;
- Verification of address (e.g electricity, water bill, etc.);
- Valid identity card.

Operating Bank Accounts

After accounts have been opened, transactions can be done using the following instruments:

- **Cheque book:** This is a booklet containing cheque leaves with account details on it issued by the bank for withdrawals and payments to third parties.
- **Passbook:** This is a bank instrument issued to savings account holders where all transactions on the account are recorded.
- **Debit/Credit Card:** These are electronic cards that enable transactions on accounts via ATMs, POS, Internet Banking, etc.
- **Token:** This is a device that generates codes used to verify and secure online transactions.

The instruments listed above are personalized to account holders and should be kept safe and protected at all times.

- **Withdrawal Slip:** This is a bank instrument made available in the bank which must be filled by savings account holders to enable withdrawals over the counter.
- **Deposit Slip:** This is a bank instrument made available in the bank which must be filled to make deposits into all accounts over the counter.
- **Transfer Form:** This is a bank instrument given to customers to transfer money from one account to another either within the same bank or to a different bank.

The above mentioned instruments are used to carry out the following transactions:

Deposits:

All cash payments into accounts are referred to as deposits. This is done using a deposit slip in the banking hall. Deposits can also be made through some ATMs.

Withdrawals:

This is a request to take funds from an account using a withdrawal slip, a cheque leaf or a debit/credit card.

Funds Transfer:

This is the movement of money from one account to another within the same bank or to another bank using any of the following:

- Fund transfer form
- Cheque leaf
- Online/internet banking
- Mobile banking
- ATM

Electronic Payment Channels

These are alternative means of having access to an account using the following electronic channels:

Automated Teller Machines (ATMs)

Automated Teller Machines allow deposits and withdrawals without visiting a bank. Money can be withdrawn at any time, even when the bank is closed. ATMs can also be used for funds transfer, bills payment, checking balance, airtime recharge, etc. They can be found at banks and other locations.

Online Banking

Online banking allows the use of a device with an internet connection to access accounts and carry out transactions through a secure, password-protected system. Some transactions that can be carried out through online banking include checking of account balance, funds transfer, bills payment, etc. Accounts can also be accessed at any time and anywhere in the world.

To protect account information from hackers and thieves, online banking requires safe internet practices. Personal details like PIN, username, password, BVN, card details must be protected at all times and not disclosed to anyone.

Mobile Banking

This is another means of banking that allows transactions using a mobile phone.

Mobile Money

These are financial transactions that are conducted using a mobile phone where money is stored in an account associated with a sim card. Such transactions can be done with basic phones that do not require internet access.

Point of Sale Terminal (POS)

This is a device that allows for payment of goods and services using a debit/credit card.

Your bank or the Central Bank of Nigeria will NEVER ask you to disclose your personal banking details (PIN, password, username, BVN, card details, Token generated code). When you receive messages through SMS or emails requesting you to upgrade your account details, please disregard and delete them.



05. Managing Accounts

Reconciling Account

To manage accounts, collect regular bank statements to check and verify transactions for the period. Confirm all deposits, withdrawals, transfers and charges. Where an unusual transaction is observed, report to the bank immediately.

Complaints

All complaints regarding accounts should be reported to the bank for resolution. Where such complaints are unattended to after two (2) weeks or where they are not satisfactorily resolved, they should be reported to

**The Director,
Consumer Protection Department,
Central Bank of Nigeria,
Abuja.**

Such complaints can be sent through email, cpd@cbn.gov.ng or submitted at any Central Bank of Nigeria branch.

Protecting Banking Instruments

All banking instruments should be protected and kept safe at all times.

1. Destroy old bank statements and cancelled cheques.
2. NEVER, EVER disclose debit card details and PIN to a third party.
3. Verify from the bank all phone calls, emails and text messages claiming to be from the officials before taking action.
4. Do not choose easy-to-guess passwords and PIN.

Protecting Electronic Transactions

Using online banking facilities can expose users to hackers. The following precautions should be taken:

1. Do not use a third party or strange devices and networks for online transaction as they may not be secure.
2. For protection, memorize login information. If the information must be written down for purpose of remembrance, **use only hints.**
3. Always use a combination of letters, numbers and symbols to create login data.
4. Access to devices used for banking transactions should be password protected at all times.

Rights and Responsibilities of a Bank Customer

Rights are moral or legal entitlements while Responsibility is a duty.

The following are the rights and responsibilities of a bank customer:

Rights

- Right to be informed
- Right to choose
- Right to safety
- Right to privacy and confidentiality

- The right to seek redress (to express when you are not satisfied with your bank)
- The right to good service

- The right to free monthly statement of account
- The right to equality

Responsibilities

- Duty of knowledge and understanding
- Duty of financial obligation
- Duty to protect instruments and information
- Duty to provide factual information and not mislead the bank
- Duty to report suspected fraud or error

- Duty of personal safety and safety of assets (i.e protect your car, your bag and valuables)



06. Conclusion

Always consider what would make banking comfortable and easy.

Different banks have different products and services. Different accounts are designed to cater to different needs. If there is an idea of what is needed, it will be easy to pick the most suitable bank and the products.

Avoid wonder banks and schemes that offer excessive interests. If it appears too good, it is not good.

For detailed explanations refer to the Central Bank of Nigeria website www.cbn.gov.ng.

07. Frequently Used Banking Terms

Bank Teller

This is a bank staff that accepts deposits, and makes payments and provides other banking services to customers over the counter.

BTA

Business Travelling Allowance.

Clearing Cycle

This is a process that allows settlements of cheques amongst different banks.

Core Banking Solutions

This refers to the banking software used by banks to facilitate transactions.

Dormant Account

An account becomes dormant if there are no transactions on it for a period of six (6) months. This account can be reactivated, with a written instruction from the account holder to the bank branch.

DUD Cheques (Bounced Cheques)

A cheque issued on an insufficiently funded account. This is an offence punishable by law.

Electronic Banking

This is a type of banking where transactions are conducted electronically. Debit cards, Internet banking, mobile banking etc are all under this category.

Liquidity

It is the ability of converting an investment into cash.

NEFT

(NIBSS Electronic Funds Transfer): This is a Platform that facilitates transfer of funds in the financial system.

PTA

Personal Travelling Allowance.

