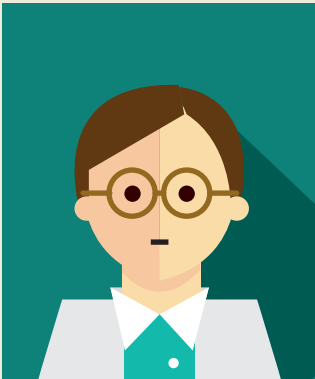




FIRST
PAY
CHEQUE



UMA SHASHIKANT



moneykraft

ABOUT CIEL

Centre for Investment Education and Learning (CIEL), set up in 2007, focuses on technical competency building for the investment and financial services industry in India. CIEL has been promoted and is staffed by a team of professionals with good academic credentials and industry experience. CIEL's objective is to enhance the knowledge and skills of professionals in the investment industry through educational and learning initiatives and to fill the gaps in formal education that require application of knowledge to solve practical problems.

ABOUT MONEYKRAFT

MoneyKraft is an educational initiative created by CIEL to empower investors through unbiased and conceptually correct information. Money and investment related matters are explained in a simple manner through short interactive videos and infographics. The content is developed by subject matter experts and goes through a strong peer review process. It can be accessed from anywhere using a web enabled device.



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B15, 3rd Floor, Madhu Estate, Pandurang Budhkar Marg,
Worli, Mumbai 400013
www.ciel.co.in | www.moneykraft.com
Email us at - info@ciel.co.in

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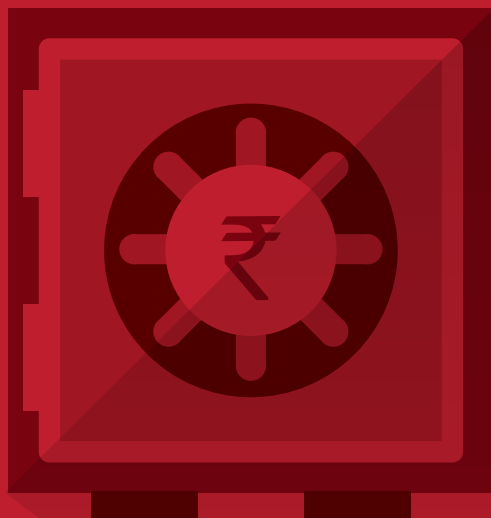
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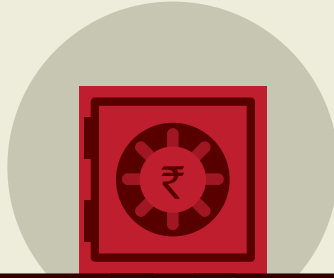


YOUR BANK ACCOUNT

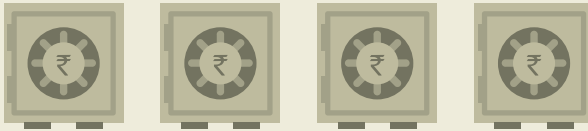
Opening a bank account is likely to be your first financial transaction. Treat your account like a record of your financial life, and make the most of it by knowing your rights and privileges.



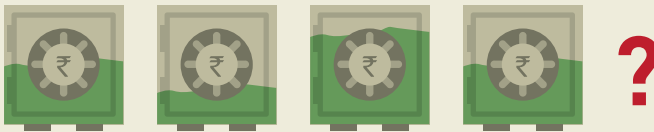
MS. PALLAVI PAI



HER BANK ACCOUNT



Pallavi Pai holds several savings bank accounts across banks. Her parents opened one for her when she was still a minor, she needed another one when she took out an education loan, and has a few more on account of the jobs that she held.



She has not closed any of these accounts as she has EMI payments linked to one, an SIP running in the other, and a bank locker attached to one. Now she is struggling to ensure that there is adequate balance in each account and that the accounts do not become dormant.

THE BANK AND PALLAVI'S ACCOUNT



Banks are in the business of dealing with money.

Their profits come from being able to lend money, and they are scouting for money to make loans. They take in money as deposits, on which they pay interest. They then lend it to borrowers who need money to finance their investment or consumption needs. The difference between the two rates results in a profit for the bank. Pallavi is a customer; but she is also a lender to the bank. She may also borrow. The bank will build a relationship with Pallavi based on how she transacts with the bank.





NEED TO KNOW

The value of customer to a bank is determined on the basis of the average quarterly balance that the customer maintains, and the number of products and services that the customer avails of the bank.

UNDERSTANDING PALLAVI'S SITUATION



Instead of spreading herself thin across multiple bank accounts,

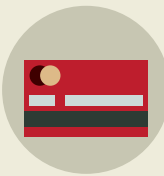
Pallavi should decide on a **primary bank account**, which she can operate regularly and in which she can transfer the money from her salary account. She could set up her SIPs, avail of a bank locker and link her EMIs to this account. All she will have to do is set up an electronic transfer to her main account, whenever she gets a new job. She can then easily close most of her earlier bank accounts that are no longer needed.



HOW PALLAVI IS BETTER OFF

Once Pallavi consolidates her bank accounts into a primary bank account she will have better control over her finances. She will not have to worry about maintaining multiple minimum balances, or accounts becoming dormant.

Moreover, she can take advantage of various products and services of the bank which will only make her relationship with the bank more meaningful. With a good history, it will be easy for Pallavi get a loan, better service and competitive pricing.



The bank will look at Pallavi's account and calculate the net income it is bringing to the bank in terms of balances and services. Based on this they will decide whether the money they make from Pallavi justifies additional services and competitive pricing. After all, no bank would want a profitable customer to be dissatisfied.

SMART THINGS TO KNOW



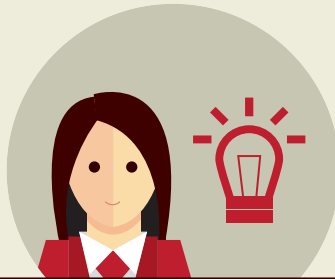
The minimum balances that need to be maintained



The technology available for banking - internet, mobile



The various services that are offered and the applicable charges



SMART THINGS TO DO



Set up internet banking and mobile banking to track balances and transact easily



Get a debit card to reduce cash transactions and keep a track record



Set up utility payments to avoid delays in making payments and build credit history



Download your bank statement as worksheet, and save it for tax and other purposes