Unit - 2

Q.3. Write a Note on the Types of Bank Account

Introduction :-

A bank account is a financial arrangement through which a customer deposites and withdraws money safely. Banks provides different types of account to meet the needs of individual, business and investors. The major types of bank are - Savings account, Current, Fixed and recurring account.

Types of Bank Account.

① **Saving Bank account :-**

A Saving account is the most common type of account used by individual. Its main purpose is to encourage small and regular savings.

people deposit their surplus money and withdraw it whenever needed, it is suitable for salaried person, students, pensioners and general customer who want to keep money safely and earn interest.

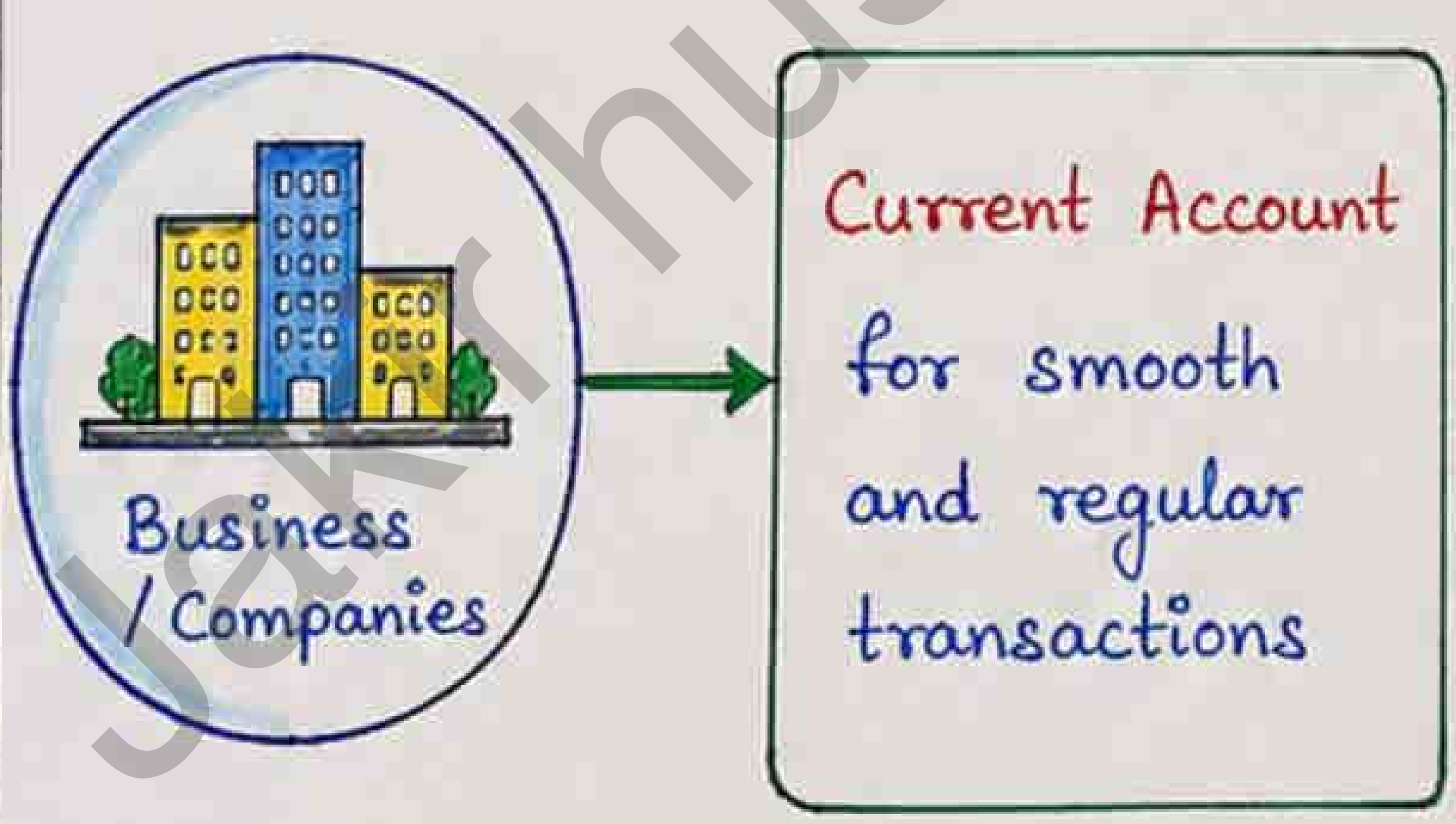
Features

① Customers can deposit and withdraw money as per Bank rules.

② Interest is paid on the saving balance.

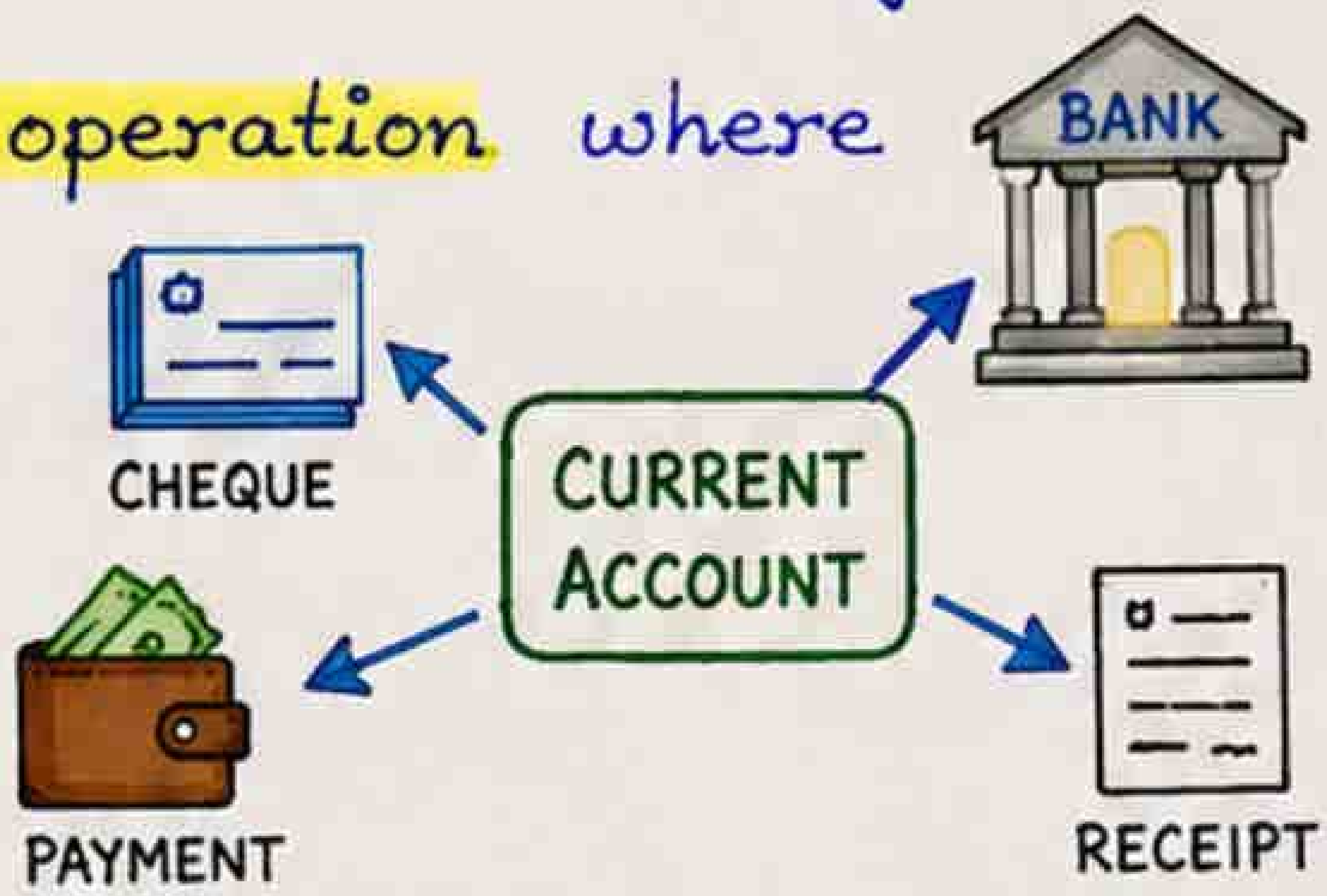
③ Banks provide ATM card, passbook, cheque book and digital banking.

② Current Account:



A current account is designed mainly for traders, businessmen companies and organisation that require frequent and large transactions.

frequent and large transaction. It allow quick payment and receipts without restriction. It is not meant for saving but for smooth business operation where funds move daily.

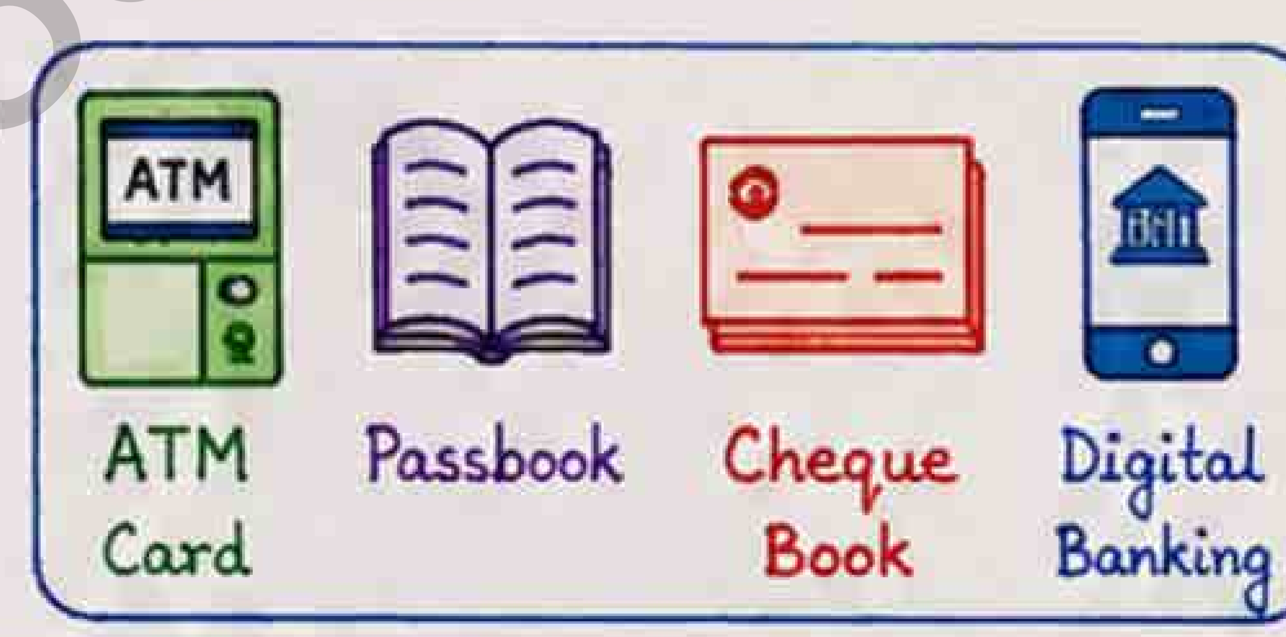


Features :-

(i) Unlimited deposite and withdrawal in a day.

(ii) No interest is paid on the account balance.

(iii) Banks provide ATM card, passbook, cheque book and digital banking.

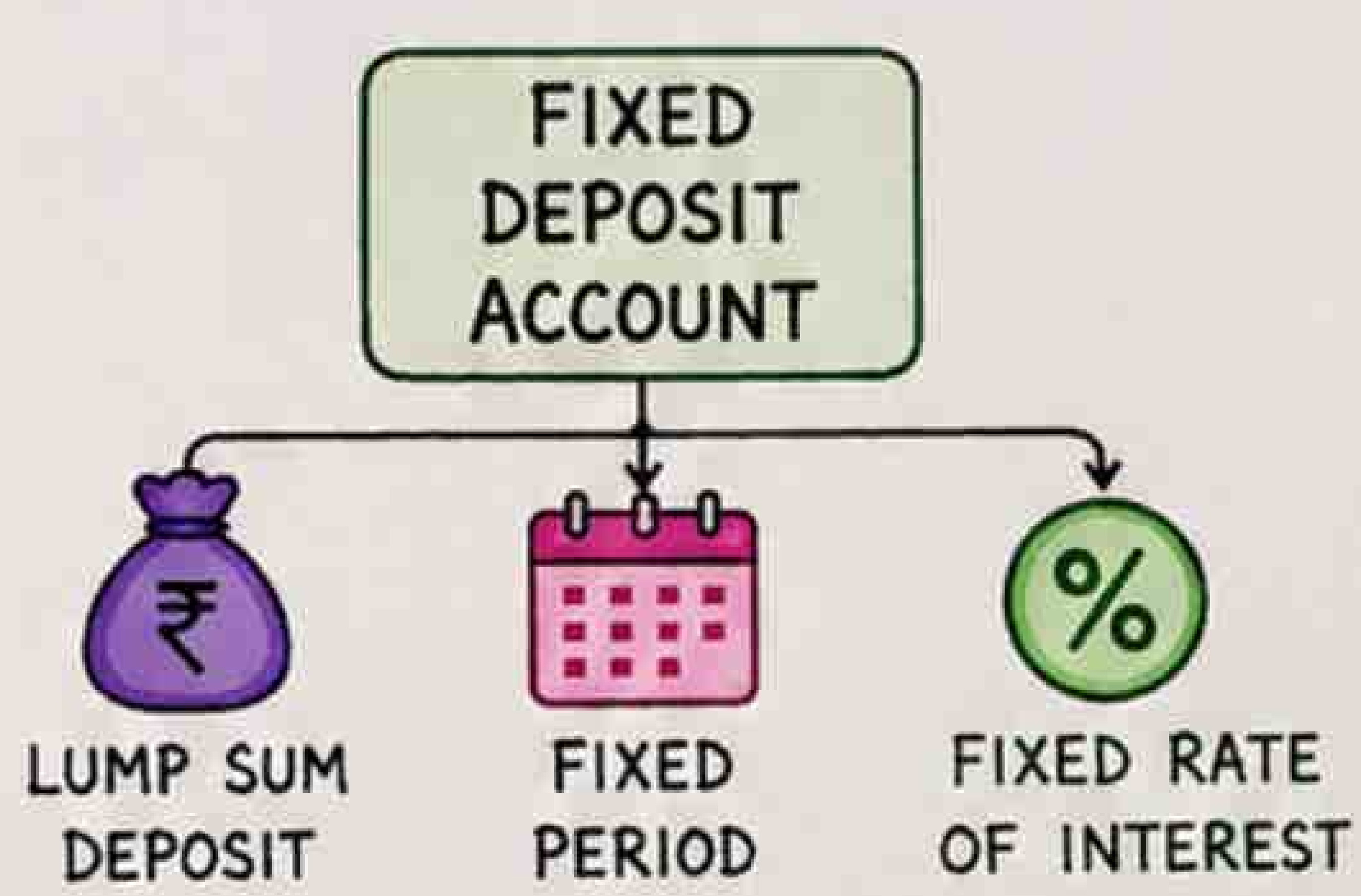


(iv) Overdraft facility is available.

(v) Very useful for high-volume business transaction.

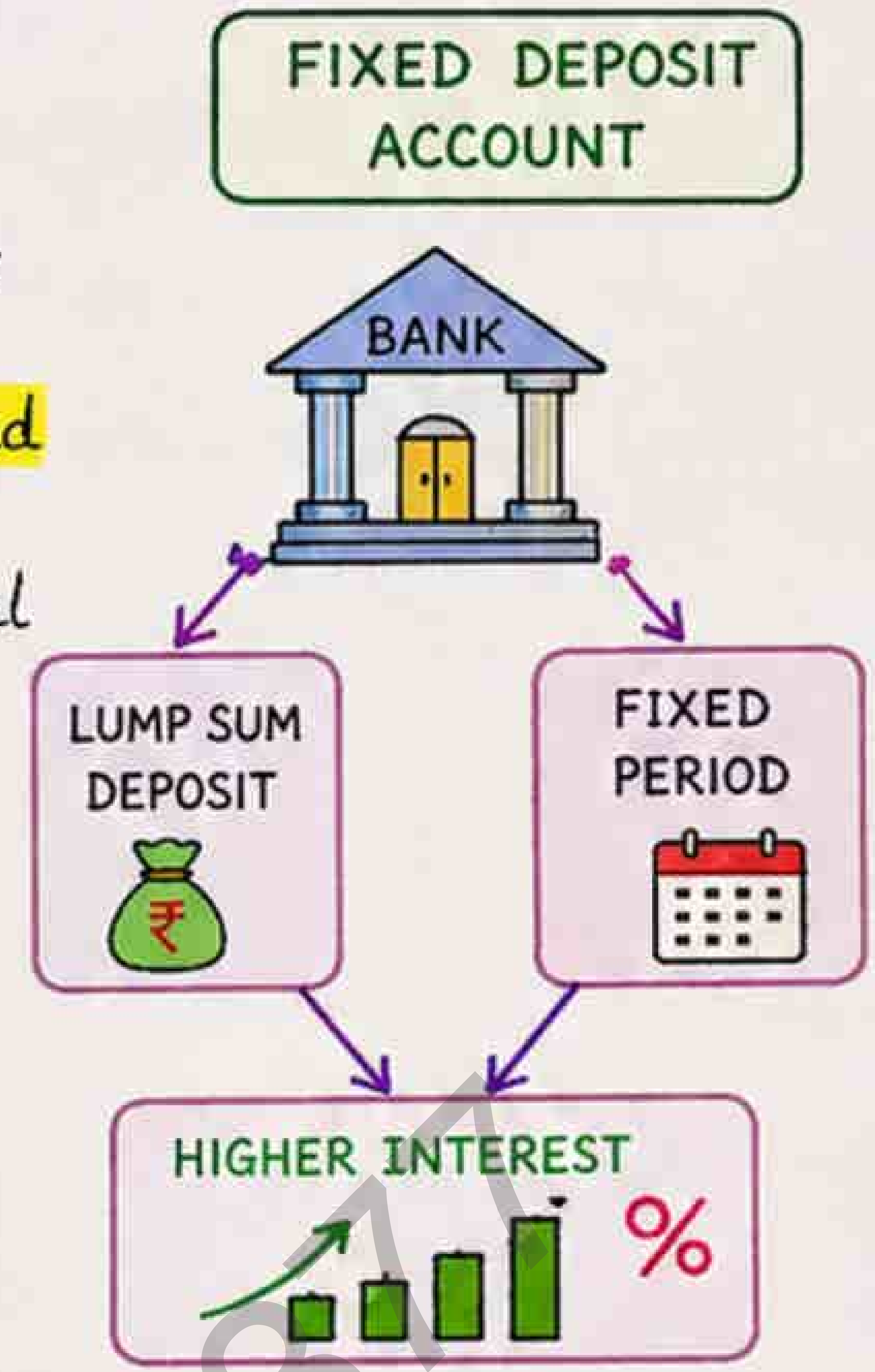
3 Fixed Deposit Account :-

A Fixed Deposit Account is meant for safe investment of a lump sum for a fixed period at a fixed rate of interest.



3. Fixed Deposit Account :-

A fixed deposit account is a time-deposit account where a customer deposits a lump sum of money for a fixed period ranging from a few days to several years. The money cannot be withdrawn before maturity without penalty. It is mainly used for earning higher interest in a safe and stable manner.



Features :-

(i) Money is kept for a fixed tenure (7 days to 10 years).

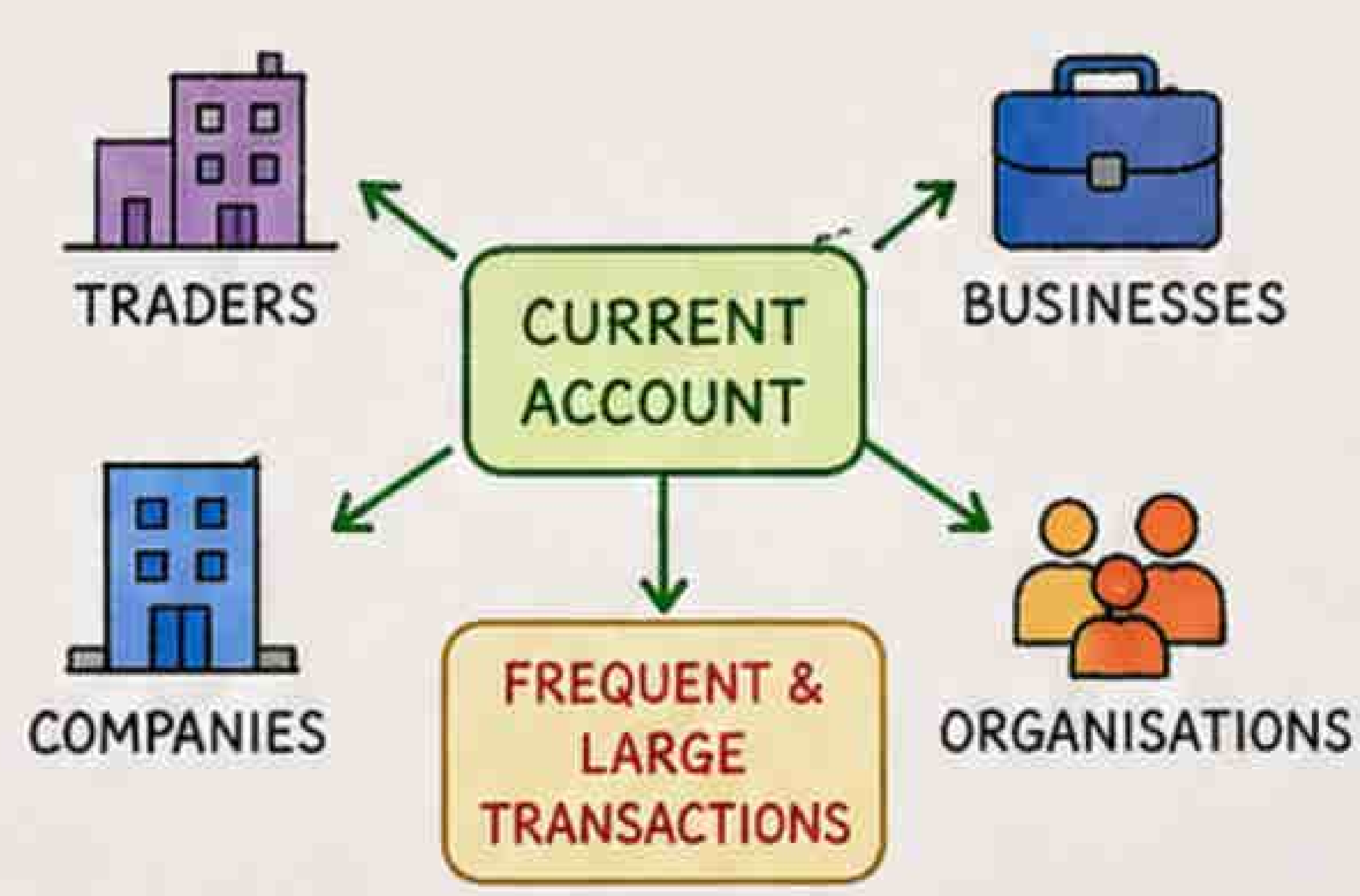
(ii) Provides higher interest rate.

(iii) Premature withdrawal is allowed but a penalty.

(iv) Considered a safe.

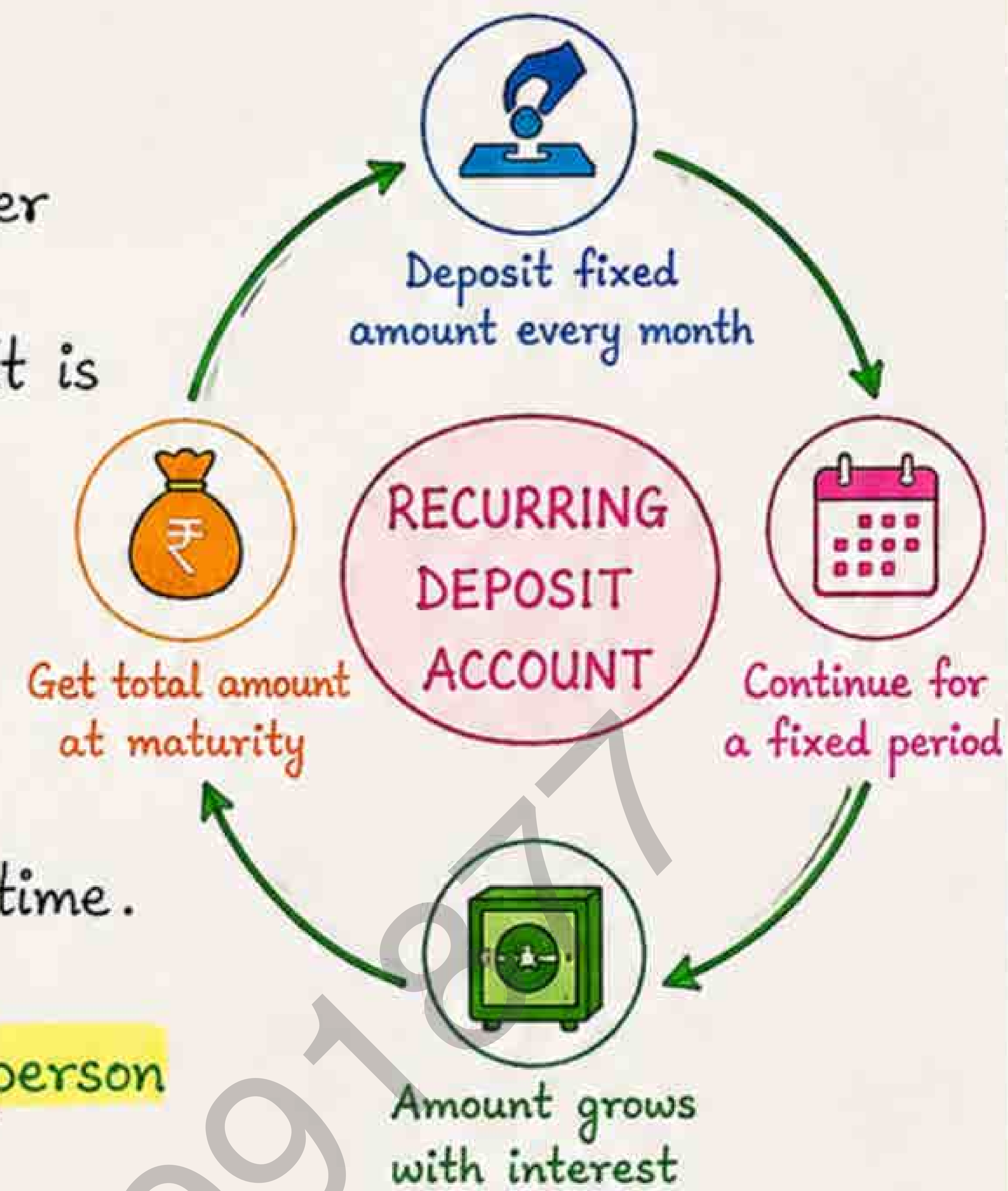
3 Current Account :-

A current account is designed mainly for traders, businessmen, companies and organisation that require frequent and large transactions.



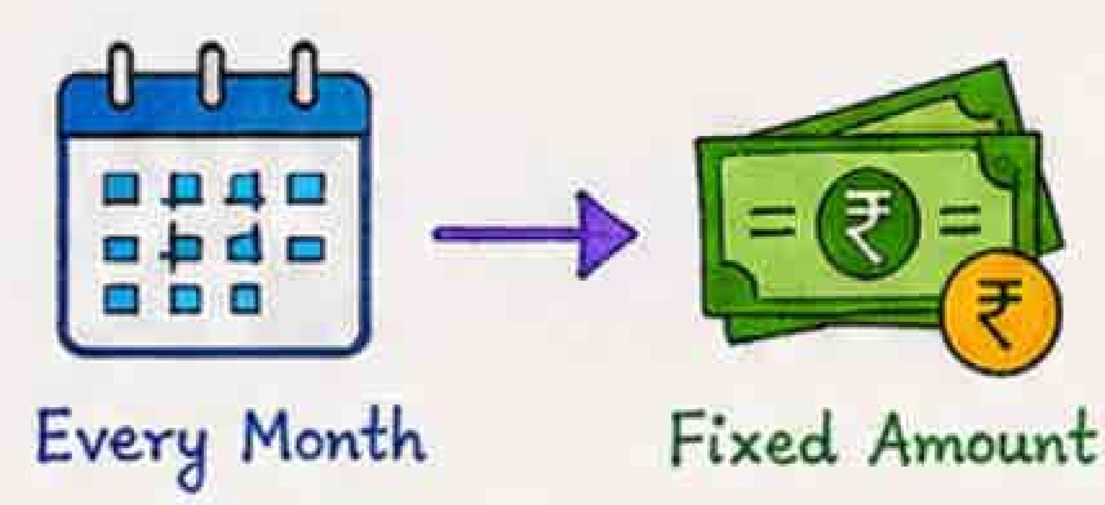
4. Recurring Deposit Account :-

A Recurring deposit Account is a saving scheme where a customer deposits a fixed amount every month. It is ideal for individual who cannot deposite a large amount at once but want to build saving gradually over time. It is helpful for students, salaried person and even small earners.



Features :-

(i) Fixed amount is deposited every month for a chosen period.



(ii) Interest is similar to FD and paid on maturity.

(iii) Helps build a regular saving habit.