



Welcome!

**Today, let us
learn about
Deposit, the
primary
product for
banking**

Deposits



What are Deposits?

It a money which is saved by individuals or organizations with bank for it to be used on a later day

Broadly – we have 2 kinds of deposits

1. Demand Deposit
2. Term Deposit

Deposits



Demand Deposits

Money deposit is payable on demand to the depositors, some examples are

Savings Account – Where money can be credited and withdrawn with some restriction on number of such transactions in a month, bank will pay interest on a daily average kept in the account

Current Account – Where money can be credited and withdrawn without any limit, generally it is used by organizations, bank will generally not pay any interest

Deposit

Term Deposits

Money deposited and paid on a fixed term, here interest earned will be simple or cumulative depending on the kind of product picked by customers

1. Simple Interest Fixed Deposit
2. Compounded Interest Fixed Deposit
3. Recurring Deposit



Deposits



Fixed Deposits (simple & compounded)
Deposit made by Person (can be individual or organization) for specific period and interest generally are paid monthly/quarterly/yearly/end of the period. If the interest accrued is added to principal and next time around interest is calculated on the total, then it is Compounded and if interest is not added but every time interest is calculated on the principal, then it is simple interest deposits. The deposit can be pre-closed and interest will be paid till the closure day

Deposits

Recurring deposit

This is a deposit which runs for a specific period and total principal is paid in installment till the specified period and the amount plus interest (compounded interest) will be paid post 1 month of the last installment.

The interest is compounded on a monthly basis for the out standing amount and then compounded till the date of maturity or when pre-closed

This is a simple – systematic investment plan, small amount paid over a period



Deposits



Mandate to operate accounts –

Is a way in which accounts are operated both physical or digital

- Joint with survivorship clause – operated jointly and paid jointly on maturity, in the event of death, balance is paid to the survivor/s legal heir/s of the deceased
- Joint or survivor/s – operated jointly, in the event of death balance is paid to survivor/s jointly, and can continue with account with out reference to the legal heirs of the deceased
- Either or Survivor – is operated by either of the account holder and in the event of death, balance is payable to the survivor, survivor can continue to use the account or withdraw

Deposits



Mandate to operate accounts – Continued

- Former or Survivor – the first named person has full control over the deposit and disposal and the survivor will get right only after the death of the former
- Anyone or survivor/s – The account is opened by more than 2 persons to be operated by any of them. In the event of the death of one of the account holder, the right to operate vests with the survivors jointly and a fresh mandate to be obtained

Note – in the event operational status has to be changed, letter to be obtained from all existing depositors and attesting the specimen of the new person, if new person is added to the account



That is all folks for now, we will learn more about banking in the coming session

Thank you and will meet you in the next module.