



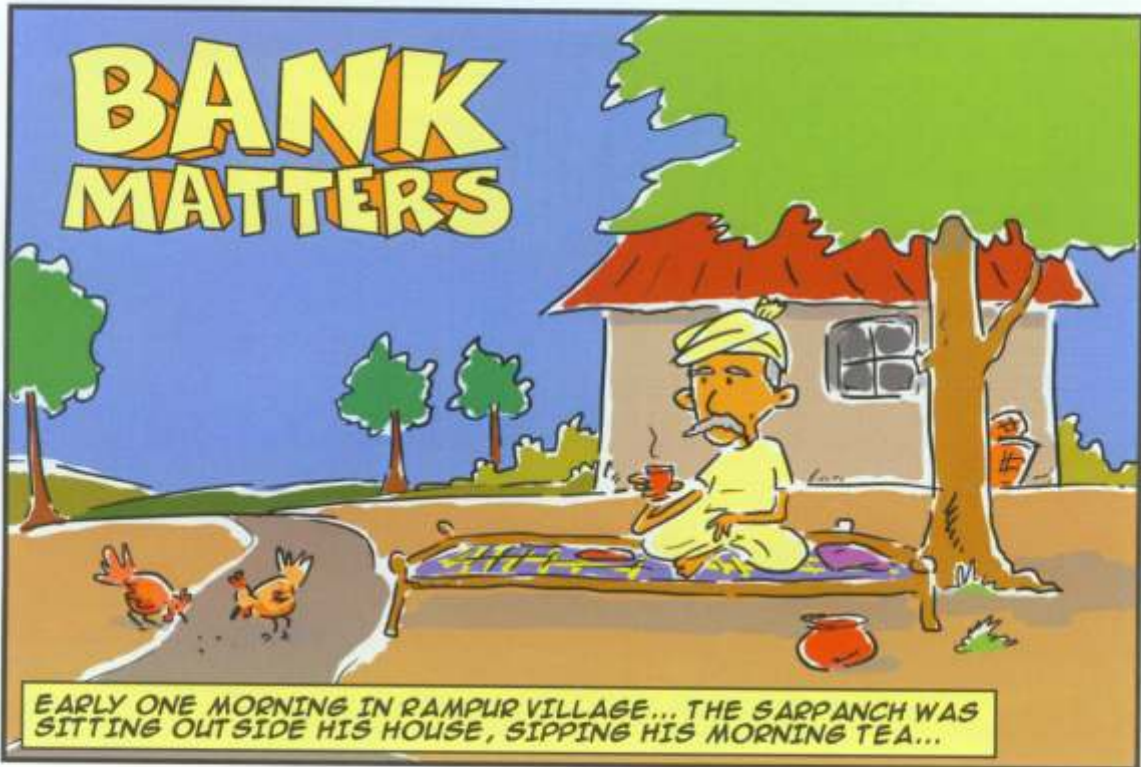
# RESERVE SPEAK



# BANK MATTERS



# BANK MATTERS





SOON, RAMU AND LAXMAN FILE A REPORT AT THE POLICE STATION. AS THEY RETURN...

WHAT WILL I DO NOW, LAXMAN? WHERE WILL I GET THE MONEY FROM? WHO WILL LEND IT TO ME?

BHAIYYA, MAIN HOON NA. RADHA IS LIKE MY OWN DAUGHTER. TELL ME HOW MUCH MONEY YOU WILL NEED FOR THE WEDDING.

I HAVE PAID FOR MOST OF THE ARRANGEMENTS. BUT I WILL NEED 5,000 RUPEES MORE - FOR THE FEAST. I DON'T KNOW HOW I WILL ARRANGE FOR THAT NOW!

DON'T WORRY, I'LL LEND YOU THE MONEY.

RAMU WAS RELIEVED.

THANK YOU! SHALL WE GO TO YOUR HOUSE THEN?

MY HOUSE? NO, I DON'T HAVE ANY MONEY THERE! ALL MY MONEY IS IN JANATA BANK!

RAMU WAS SURPRISED.

IN THE BANK? OH, I THOUGHT ONLY RICH PEOPLE COULD OPEN BANK ACCOUNTS! WHY, IN OUR VILLAGE, ONLY THE SARPANCH HAS A BANK ACCOUNT!

OF COURSE NOT! DO I LOOK LIKE A SAHAB TO YOU? IN FACT, IN OUR VILLAGE, ALMOST EVERYONE HAS A BANK ACCOUNT.

RAMU WASN'T VERY CONVINCED...

BUT LAXMAN, JUST LIKE MY HOUSE, EVEN THE BANK CAN BE BURGLIED, RIGHT? HOW IS THE MONEY SAFER THERE?

BHAIYYA, YOUR FEARS ARE BASELESS. ALL BANKS HAVE 24-HOUR SECURITY. THE MONEY IS KEPT IN STRONG VAULTS.



"DO YOU KNOW THE RESERVE BANK OF INDIA (RBI), THE BANK THAT PRINTS ALL OUR CURRENCY NOTES? WELL, IT ALSO KEEPS A CLOSE WATCH ON BANKS TO ENSURE THE SAFETY OF DEPOSITORS' MONEY."



THAT'S NOT ALL. DEPOSITORS ARE INSURED UP TO 1 LAKH RUPEES EACH! SO WE DON'T HAVE TO WORRY AT ALL! IN CASE ANYTHING HAPPENS, WE WILL NOT BE AFFECTED AND OUR MONEY WILL BE ABSOLUTELY SAFE.



THAT IS A RELIEF TO HEAR! SO, IT IS BETTER TO KEEP OUR MONEY IN THE BANK FOR SAFETY, RIGHT?

NOT JUST FOR SAFETY, BHAIIYA. *THERE IS MORE!* WHEN YOU DEPOSIT MONEY IN THE BANK, *THEY GIVE YOU INTEREST ON IT*, DEPENDING ON HOW LONG YOU KEEP IT THERE.

LET ME TELL YOU HOW A BANK REALLY WORKS...

HUH?

"BANKS ARE INSTITUTIONS WHICH ACCEPT DEPOSITS FROM THE PUBLIC AND USE IT FOR LENDING AND INVESTMENT PURPOSES."



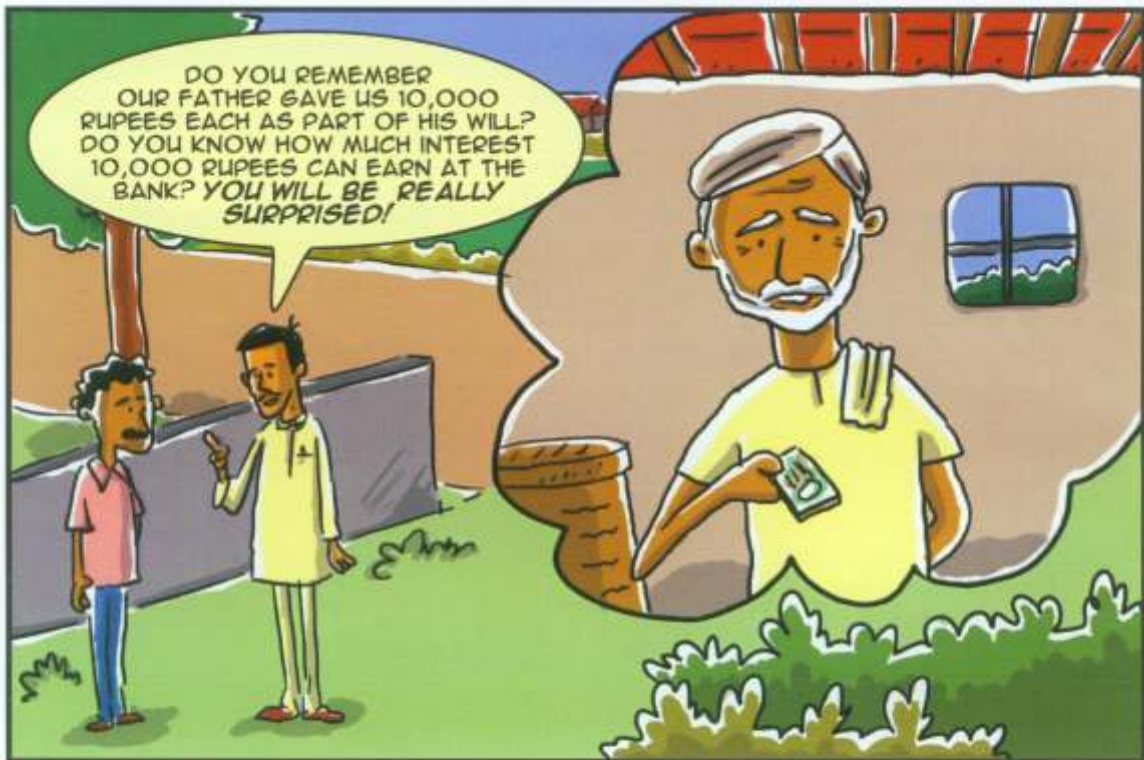
DEPOSITS

BANK

LOANS

YOU **EARN** INTEREST  
WHEN YOU DEPOSIT MONEY

YOU **PAY** INTEREST  
WHEN YOU TAKE A LOAN



"YOU KEPT THE MONEY AT HOME AND THE BURGLAR TOOK IT AWAY. YOU WERE LEFT WITH NO MONEY! WHAT I DID WAS TO PUT THE MONEY IN THE BANK WHERE IT WAS SAFE, AND ALSO GREW BY EARNING ME INTEREST. I NOW HAVE MORE MONEY!"



RAMU WAS INDEED SURPRISED.

THAT IS GREAT! I WISH I HAD KNOWN THIS EARLIER. IT IS LIKE GROWING MONEY - WITHOUT ANY RISK!

THAT'S NOT ALL! YOU CAN EVEN BORROW MONEY FROM A BANK.

WHY FROM THE BANK? I CAN ALWAYS BORROW FROM A MONEYLENDER LIKE FATHER DID.

WHAT FATHER DIDN'T REALIZE WAS THAT HE WAS PAYING A VERY HIGH RATE OF INTEREST TO THE SAHLIKAR.

\*ALTHOUGH THE SAHLIKAR SAID THAT THE INTEREST IS ONLY 5% PER MONTH, IT WORKS OUT TO 60% FOR A YEAR - BECAUSE 5% INTEREST IS CHARGED EVERY MONTH! THAT'S HOW A MONEYLENDER OPERATES. TO ADD TO THE MISERY, IF ONE DOES NOT PAY THE INTEREST ON TIME, THE SAHLIKAR CHARGES AN INTEREST ON THE INTEREST ALSO! THE LONGER ONE TAKES TO REPAY THE LOAN, THE MORE ONE PAYS... NOW IMAGINE WHAT FATHER HAD TO PAY - HE TOOK THE LOAN FOR 5 YEARS!

THANK YOU SO MUCH FOR HELPING ME...

OH NEVER MIND. I'M ALWAYS HERE TO HELP.

HAD HE BORROWED FROM THE BANK, HE WOULD HAVE PAID JUST 10 - 15% INTEREST PER YEAR.\*



WHY? WHY ARE YOU SO INTERESTED IN IT?

HMMM, I'M SURE MILKMEN FROM ALL THE VILLAGES AROUND HERE ARE GOING TO BENEFIT FROM THIS!

LAXMAN BEGAN TO EXPLAIN...

YOU SEE BHAIIYYA, VERY OFTEN I AM NOT ABLE TO SELL ALL OF THE MILK THAT I GET FROM MY COWS. A LOT OF IT GOES WASTE ON SOME DAYS. WHEN THIS COLD STORAGE UNIT COMES UP, I WILL BE ABLE TO STORE THE EXCESS MILK HERE. I CAN SELL IT LATER - AND WHAT DOES THAT MEAN? **MORE INCOME FOR ME!**

WELL, NOT JUST MILKMEN! THERE IS EMPLOYMENT FOR THE LABOURERS WHO ARE BUILDING THIS UNIT - **THEY ARE EARNING TOO.** AND I HEAR THAT RAVI WILL EMPLOY SOME GRADUATES TO RUN THIS BUSINESS. I AM HOPING MY SON WILL GET A JOB HERE.

NOW I UNDERSTAND HOW IMPORTANT BANKS ARE IN OUR LIVES! THEY NOT ONLY ENCOURAGE SAVINGS BUT ALSO LEND MONEY FOR PRODUCTIVE ACTIVITIES.



NOW, LAXMAN, I DON'T UNDERSTAND ONE THING. IF THE BANK LENDS ALL ITS MONEY TO OTHERS, HOW WILL IT REPAY THE DEPOSITORS WHEN WE NEED THEIR MONEY?

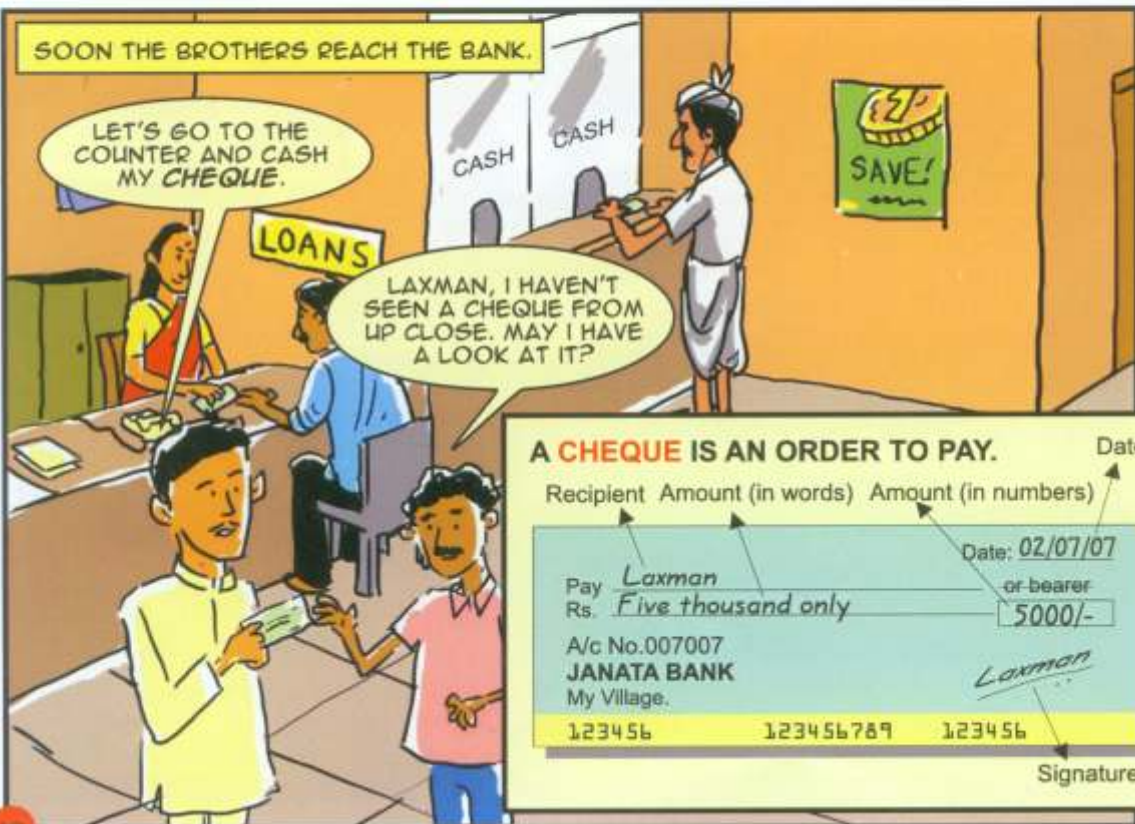
DON'T WORRY, BHAIIYYA, THE RBI HAS RULES WHICH ENSURE THAT BANKS RETAIN A PART OF THE MONEY TO RETURN TO DEPOSITORS AT ANY TIME...



SOON THE BROTHERS REACH THE BANK.

LET'S GO TO THE COUNTER AND CASH MY CHEQUE.

LAXMAN, I HAVEN'T SEEN A CHEQUE FROM UP CLOSE. MAY I HAVE A LOOK AT IT?



**A CHEQUE IS AN ORDER TO PAY.**

Recipient Amount (in words) Amount (in numbers) Date

Pay Laxman  
Rs. Five thousand only

Date: 02/07/07

or bearer

5000/-

A/c No.007007  
**JANATA BANK**  
My Village.

Laxman

123456

123456789

123456

Signature

LAXMAN HANDS OVER THE CHEQUE AT THE COUNTER AND COLLECTS CASH.

LAXMAN, NOW I SEE WHAT YOU MEAN. IT WAS SO SIMPLE - AND SO MUCH SAFER! I HAVE REALLY PAID THE PRICE FOR NOT HAVING A BANK ACCOUNT... IS IT TOO LATE NOW?

IT IS NEVER TOO LATE! LET'S GO TO THE BRANCH MANAGER RIGHT NOW!

MAY I COME IN, SIR?

HOW ARE YOU, LAXMAN? SEEING YOU AFTER A LONG TIME... COME IN, COME IN.

INSIDE THE MANAGER'S OFFICE...

ALL'S WELL, SIR. ACTUALLY, MY BROTHER RAMU WANTS TO OPEN AN ACCOUNT.

OPEN YOUR ACCOUNT TODAY!  
JANATA BANK

START SAVING TODAY

IS THAT SO LAXMAN? PLEASE BE SEATED. LET ME FIRST EXPLAIN THE TYPES OF ACCOUNTS YOU CAN OPEN.

THERE ARE 3 TYPES - SAVINGS, CURRENT AND TERM.

JANATA BANK

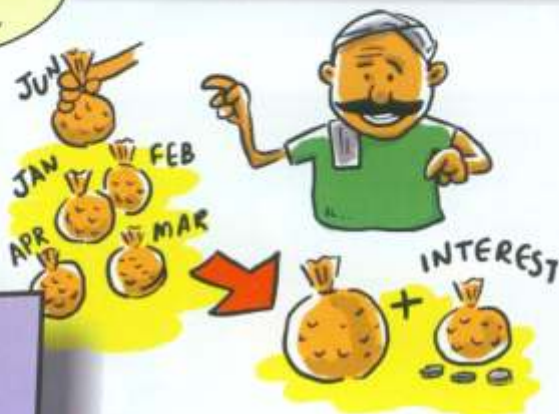
MANAGER



IN THE **SAVINGS ACCOUNT**, YOU HAVE TO MAINTAIN A MINIMUM AMOUNT IN THE ACCOUNT ALWAYS. WHATEVER MONEY ABOVE THE MINIMUM CAN BE WITHDRAWN AT ANY TIME FOR YOUR NEEDS. THIS TYPE OF ACCOUNT **EARNs** INTEREST. PRESENTLY, IT IS 3.5% PER YEAR.

THEN WE HAVE THE **CURRENT ACCOUNT**. HERE, YOU CAN DEPOSIT AND WITHDRAW MONEY AT ANY TIME. BUT THIS ACCOUNT **DOES NOT CARRY ANY INTEREST** ON YOUR DEPOSITS. THIS IS NOT FOR SAVING PURPOSES, BUT FOR BUSINESS TRANSACTIONS LIKE PAYMENTS AND RECEIPTS - MOST SUITABLE FOR **BUSINESSMEN**.

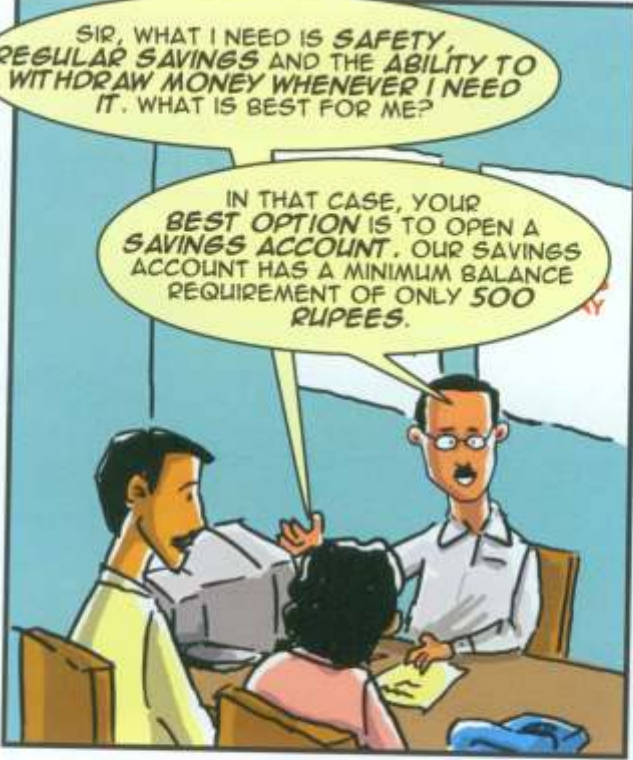
NEXT WE HAVE TERM DEPOSITS - THEY ARE OF TWO KINDS, **FIXED DEPOSIT** AND **RECURRING DEPOSIT**.



IN A **RECURRING DEPOSIT**, YOU CAN DEPOSIT A SMALL SUM OF MONEY EVERY MONTH FOR AN AGREED PERIOD OF TIME. FOR EXAMPLE, 100 RUPEES EVERY MONTH FOR 1 YEAR. THIS KIND OF DEPOSIT ALSO EARNs INTEREST.

IN A **FIXED DEPOSIT**, THE MONEY THAT YOU DEPOSIT IS KEPT FOR A CERTAIN PERIOD OF TIME, FOR WHICH YOU **EARN INTEREST**. THE LONGER YOU KEEP IT IN THE DEPOSIT, THE MORE INTEREST YOU WILL EARN. YOU CAN WITHDRAW THE MONEY EARLIER TOO, BUT SOME OF THE INTEREST WILL BE LOST. REMEMBER, **LONGER PERIOD MEANS MORE INTEREST**.






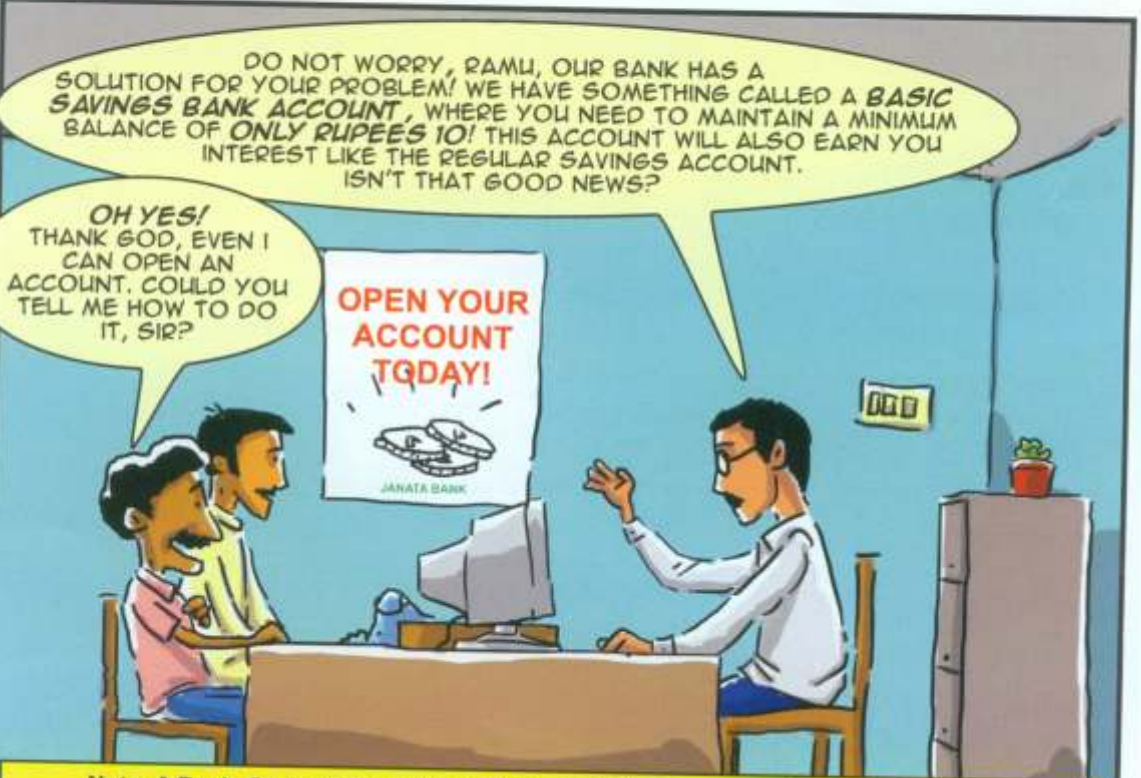
SIR, WHAT I NEED IS **SAFETY**, **REGULAR SAVINGS** AND THE **ABILITY TO WITHDRAW MONEY** WHENEVER I NEED IT. WHAT IS BEST FOR ME?

IN THAT CASE, YOUR **BEST OPTION** IS TO OPEN A **SAVINGS ACCOUNT**. OUR SAVINGS ACCOUNT HAS A **MINIMUM BALANCE REQUIREMENT** OF ONLY **500 RUPEES**.

**RAMU WAS DEJECTED...**



OH NO! BUT I DO NOT HAVE **500 RUPEES** WITH ME. MY HOUSE GOT **BURBLED** THIS MORNING AND I HAVE NO MONEY LEFT. BESIDES, I HARDLY EARN **1200 RUPEES** A MONTH, SIR...



DO NOT WORRY, RAMU, OUR BANK HAS A SOLUTION FOR YOUR PROBLEM! WE HAVE SOMETHING CALLED A **BASIC SAVINGS BANK ACCOUNT**, WHERE YOU NEED TO MAINTAIN A **MINIMUM BALANCE** OF ONLY **RUPEES 10!** THIS ACCOUNT WILL ALSO EARN YOU INTEREST LIKE THE **REGULAR SAVINGS ACCOUNT**. ISN'T THAT **GOOD NEWS?**

**OH YES!** THANK GOD, EVEN I CAN OPEN AN ACCOUNT. COULD YOU TELL ME HOW TO DO IT, SIR?

**OPEN YOUR ACCOUNT TODAY!**



JANATA BANK

Note: A Basic Savings Bank Account is popularly known as a **NO-FRILLS ACCOUNT**.

WE CAN OPEN YOUR ACCOUNT IN NO TIME. OPENING AN ACCOUNT IS VERY SIMPLE THESE DAYS. ALL YOU NEED ARE..

2 PASSPORT SIZED PHOTOGRAPHS;



**VOTER'S ID**

Name: RAMU  
Address: House No.3  
Big Street,  
Behind Post Office,  
My Village  
Pincode: 534789

*Ramu*

A PAPER DOCUMENT INDICATING PROOF OF YOUR ADDRESS, LIKE RATION CARD, VOTER'S ID, CERTIFICATE FROM THE POST OFFICE, ELECTRICITY BILL IN YOUR NAME ETC.

**APPLICATION**

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DATE OF BIRTH: \_\_\_\_\_

... AND A FILLED UP APPLICATION FORM, WHICH IS VERY SIMPLE AND AVAILABLE IN YOUR LANGUAGE.

LATER THAT DAY, RAMU SUBMITS HIS APPLICATION... AND BECOMES A PROUD SAVINGS BANK ACCOUNT HOLDER...

HERE'S YOUR **PASSBOOK**. IT WILL HELP YOU KEEP TRACK OF YOUR DEPOSITS, WITHDRAWALS AND THE INTEREST YOU EARN. SO DON'T FORGET TO BRING IT WHENEVER YOU COME TO THE BANK.



Passbook		Deposit	Withdrawal	Balance	Initials
Date	27/07	Rs.10/-	-	Rs.10/-	<i>Ra</i>

AS THEY STEP OUT OF THE MANAGER'S OFFICE, RAMU NOTICES SOMETHING...



RAMU, OUR CUSTOMERS ARE VERY IMPORTANT TO US. IN CASE YOU ARE NOT SATISFIED WITH OUR SERVICES FOR SOME REASON, YOU CAN DROP A COMPLAINT IN THAT BOX. I PERSONALLY ENSURE THAT THE PROBLEMS ARE TAKEN CARE OF.



I SEE. SO, WHAT OTHER SERVICES DOES THE BANK OFFER?



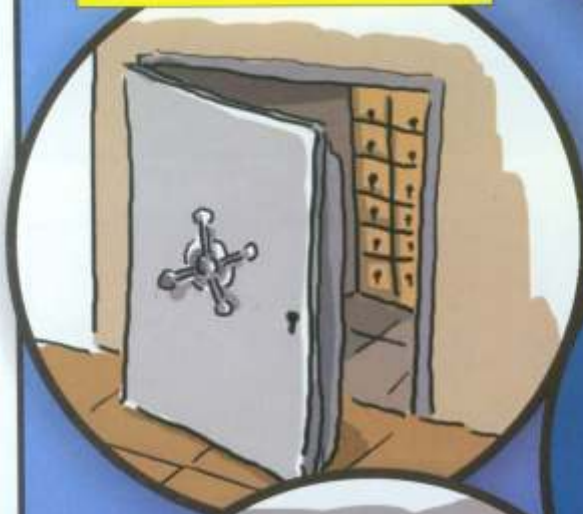
WE CAN ARRANGE TO SEND AND RECEIVE MONEY ON YOUR BEHALF - **MONEY TRANSFER.**



WE CAN SAFEGUARD YOUR VALUABLES - **LOCKERS.**



WE ENSURE THAT YOUR MONEY IS AVAILABLE TO YOU AT ANY TIME ON ANY DAY - **ATMS.**



WE EVEN LEND YOU A SMALL SUM OF MONEY AT A TIME OF NEED - **OVERDRAFT FACILITY.**

SOON, IT IS TIME FOR RAMU AND LAXMAN TO LEAVE.

SIR, THANKS TO YOU I NOW REALISE THE IMPORTANCE OF SAVINGS AND OPENING A BANK ACCOUNT. I WISH I HAD DONE IT EARLIER! TODAY I HAVE LEARNT HOW EASY IT REALLY IS. IT WAS NOTHING LIKE WHAT I IMAGINED IT WOULD BE...

OH, YOU DON'T HAVE TO THANK ME - IT IS MY DUTY. BUT JUST LIKE LAXMAN INTRODUCED YOU TO THESE BENEFITS, PLEASE MAKE SURE YOU TELL AS MANY PEOPLE AS YOU CAN IN YOUR VILLAGE TO OPEN AN ACCOUNT. THAT WAY THEY CAN SAVE MONEY AND EARN MONEY!

START  
SAVING  
TODAY

OPEN A  
SAVINGS  
ACCOUNT

JANATA BANK

**NO MATTER WHO YOU ARE AND WHAT YOU DO, A BANK ACCOUNT WILL HELP MAKE YOUR DREAMS COME TRUE...**

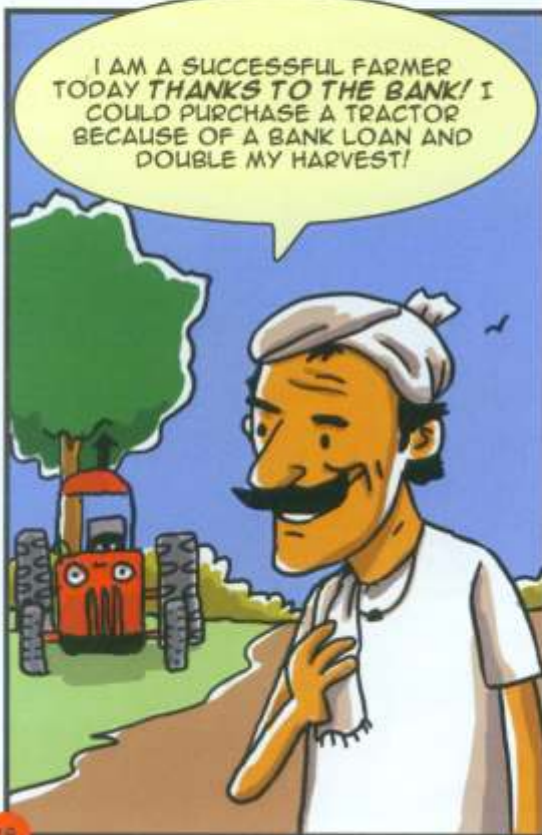
BANK ACCOUNTS ARE NOT JUST FOR GROWN-UPS! I TOO SAVE MONEY IN MY **MINOR ACCOUNT** ALONG WITH MY MOTHER.



MY FATHER NEVER EARNED A LOT BUT HE WANTED TO **EDUCATE ME** AND MAKE SURE I GOT THE DEGREE I WANTED. SO HE TOOK AN **EDUCATIONAL LOAN FROM THE BANK**. TODAY, I HAVE FINISHED MY DEGREE AND I HAVE A **GOOD JOB!**



I AM A **SUCCESSFUL FARMER** TODAY **THANKS TO THE BANK!** I COULD PURCHASE A **TRACTOR** BECAUSE OF A **BANK LOAN** AND **DOUBLE MY HARVEST!**



THE BANK GAVE OUR **SELF HELP GROUP (SHG)** A **LOAN**, WITH WHICH WE SET UP THIS **ACTIVITY CENTRE**. THIS HAS MADE ME AND MY **GROUP MEMBERS SELF-RELIANT.**



I HAD DREAMS OF STARTING A BUSINESS RIGHT FROM MY YOUNGER DAYS. BUT ONLY AFTER OPENING AN ACCOUNT WITH THE BANK WAS I ABLE TO REALIZE THAT DREAM. THE BANK GAVE ME A LOAN AND NOW I AM A PROUD BUSINESSMAN. MY LIFE HAS CHANGED COMPLETELY!



NO MORE WAITING FOR THE POST MAN TO BRING ME MY PENSION. MY OLD AGE PENSION IS AUTOMATICALLY DEPOSITED INTO MY ACCOUNT AT THE BEGINNING OF EVERY MONTH. WHAT A RELIEF!



FINANCIAL FREEDOM

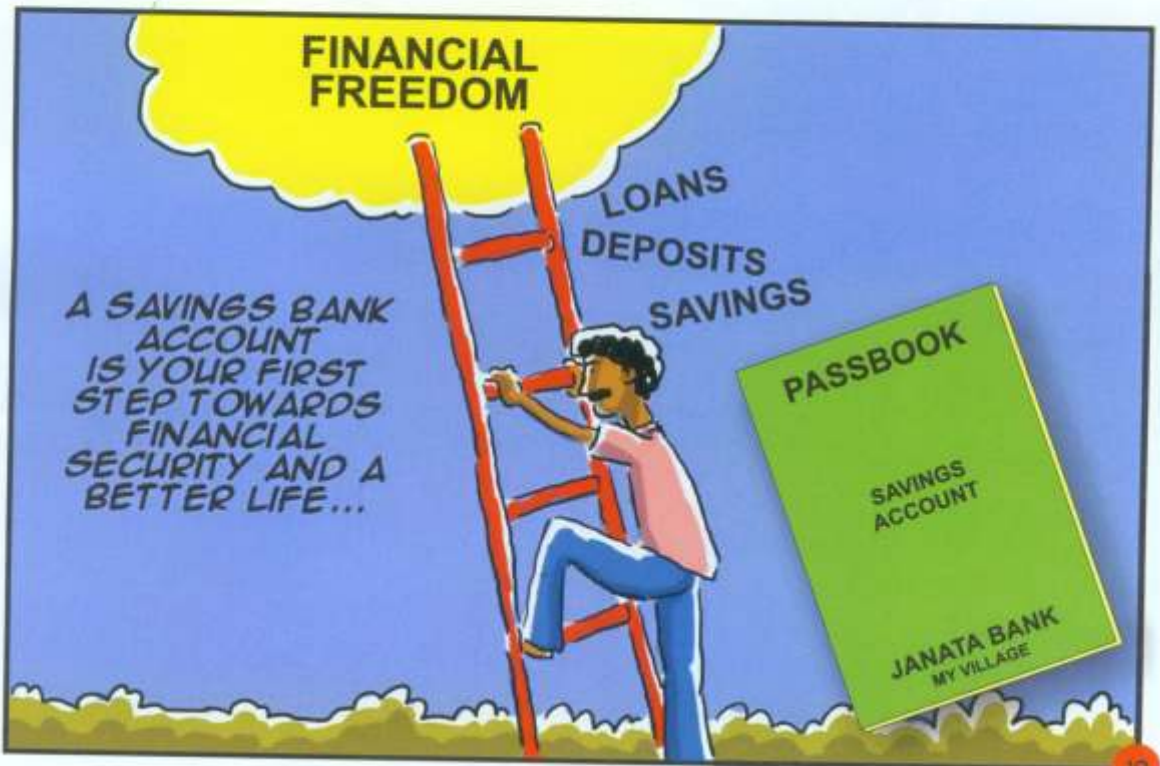
A SAVINGS BANK ACCOUNT IS YOUR FIRST STEP TOWARDS FINANCIAL SECURITY AND A BETTER LIFE...

LOANS  
DEPOSITS  
SAVINGS

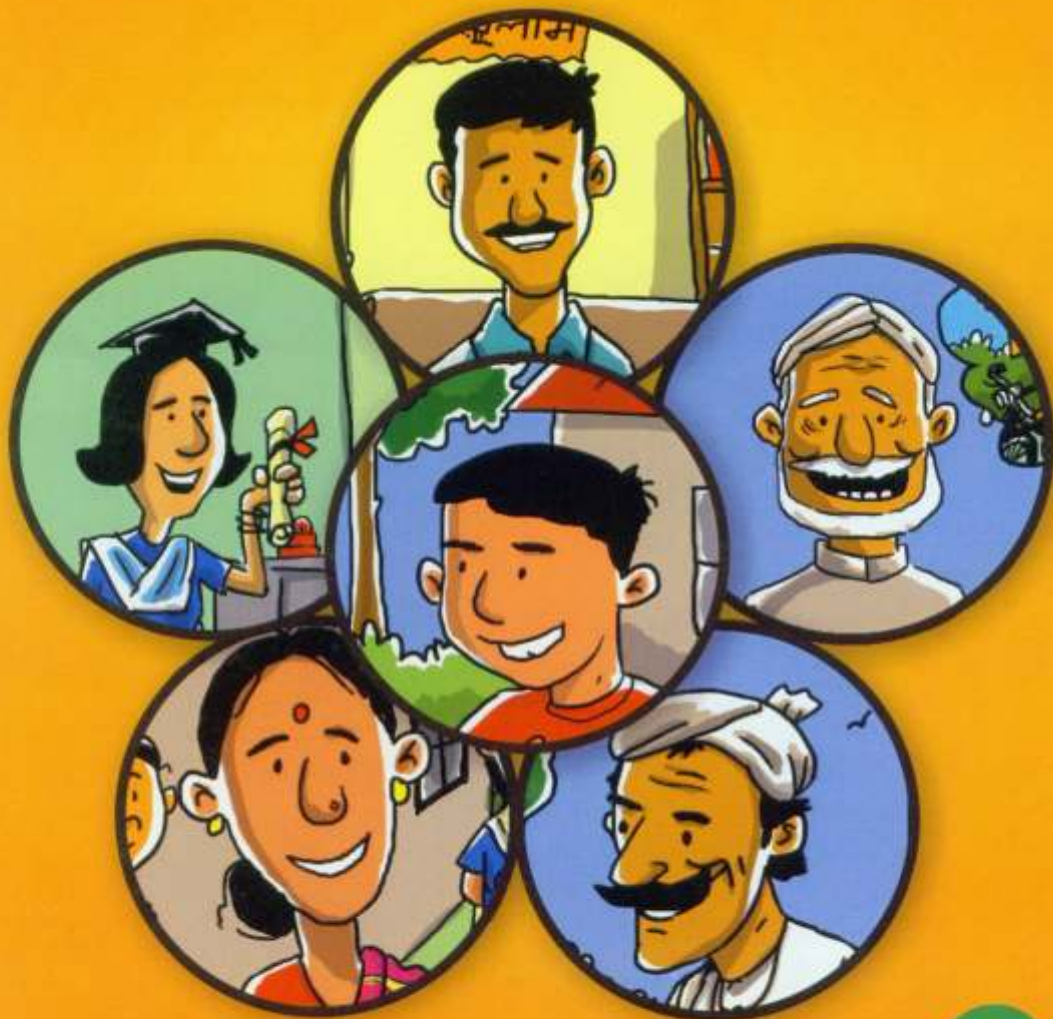
PASSBOOK

SAVINGS ACCOUNT

JANATA BANK  
MY VILLAGE



WE HAVE ALL OPENED SAVINGS BANK  
ACCOUNTS AND MADE A BEGINNING.  
WHAT ABOUT YOU?



THE  
END

## FOR YOUR BENEFIT

The basic savings bank account offered by various banks is popularly known as the '**No Frills Savings Account**'.

Different banks offer this facility under different names, such as Cansara, Azaadi, Crop Pragathi, Sugama etc.

The minimum balance required for this savings account varies from zero to Rs.100/-.

Ask for the details at the time of opening the account.

...

All banks offer nomination facility. Make use of this facility.

...

If the customer service offered by a bank branch is not up to the mark, then approach the branch manager or write to the zonal or regional office of the bank or to the Banking Ombudsman in your State.

...

The function of the Banking Ombudsman is to help customers resolve their disputes with the bank. There is one Ombudsman for every state.

...

Banks offer ATM services, which helps one in doing certain banking transactions such as deposits, withdrawal, etc anytime of the day. You may seek banks help in obtaining such facilities.

...

Banks offer a variety of products – Kissan Credit Card (KCC), General Credit Card (GCC), insurance products, etc. If you want to avail such services, seek guidance from your bank.

For more information, log on to our website [www.rbi.org.in](http://www.rbi.org.in)



The **Reserve Bank of India** (RBI), by virtue of being the 'central bank' of the country, is uniquely placed to perform certain specific and challenging public responsibilities. RBI, above all, is a public institution serving public interest. RBI has recently undertaken a financial education and financial literacy drive for the common man so that he knows what to expect, what choices he has, and what his rights and obligations are in relation to banking services.

With this commitment of reaching out to one and all, RBI intends to put forth a series of booklets under the name **Reserve Speak – Fin Lit Series**, that aim to introduce the functioning of RBI and enhance the common man's knowledge of financial matters.

As a part of the above series, this booklet, **Bank Matters**, aims to educate the common man regarding the need for, and the benefits of, having a bank account. Our endeavour is to convince the hitherto financially excluded to be a part of the Indian Banking System.

Other booklets in the series are:

**Currency Matters**

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