



Financial Literacy by SYFI

BANKING



What is a bank?

A **financial institution** that accepts deposits from the public and creates a demand deposit while simultaneously making loans.

Simply, their primary role is to take in funds—called deposits—from those with money, pool them, and lend them to those who need funds—loans.





Types of transactions

- **Credit Card Transactions:** Purchases made using a credit card involve borrowing money from the card issuer to pay for goods or services, with the promise to repay the borrowed amount later, often subject to interest charges if not paid in full by the due date.
- **Debit Card Transactions:** Debit card transactions involve accessing funds directly from a linked bank account to make purchases, with the transaction amount deducted immediately from the available account balance.
- **Online Transactions:** Online transactions encompass a wide range of financial activities conducted over the internet, including online shopping, bill payments, fund transfers, and digital wallet transactions, typically using secure payment gateways and encryption technology.
- **Bank Transfers:** Bank transfers involve moving funds electronically from one bank account to another, either within the same financial institution or between different banks, often used for paying bills, sending money to family or friends, or making large purchases.
- **Mobile Payments:** Mobile payment methods enable transactions to be conducted using a mobile device, such as smartphones or smartwatches, leveraging technologies like Near Field Communication (NFC) or digital wallet apps to securely process payments in-store or online.



How a credit card works



You use the credit card for making a payment (example, online shopping)



Card Issuer makes the payment on your behalf



Issuer send your monthly statement



You pay the monthly bill

Therefore you can spend more than what you have in your bank account



How a debit card works

You use the debit card for making a payment



The money is withdrawn directly from your bank account

This means, you can only spend what you have in your bank account.



Evaluation

- **Credit Building:** Responsible use of credit cards can improve credit scores over time, as consistent, on-time payments demonstrate reliability to lenders, potentially enhancing eligibility for loans with favorable terms and lower interest rates.
- **Convenience and Flexibility:** Credit cards offer convenience and flexibility for making purchases, both in-person and online, without the need to carry cash, providing a convenient payment option in various situations.
- **Rewards and Benefits:** Many credit cards offer rewards programs, cashback incentives, or travel perks, allowing cardholders to earn rewards or discounts on everyday purchases, travel expenses, or specific categories like dining or groceries.
- **Purchase Protection:** Credit cards often come with purchase protection benefits, such as extended warranty coverage, fraud protection, and dispute resolution services, providing added security and peace of mind when making transactions.
- **Cost of Borrowing:** Failing to pay credit card balances in full by the due date can result in high-interest charges, fees, and penalties, making it essential for cardholders to manage their balances responsibly to avoid accumulating costly debt over time.



How to choose the right card

- **Evaluate Credit Card Strength:** Consider the reputation and reliability of the credit card issuer, including customer service reviews, financial stability, and industry rankings, to ensure confidence in the card's performance and support.
- **Assess Fees:** Compare annual fees, transaction fees, foreign transaction fees, and other charges associated with the credit card to determine if the benefits outweigh the costs, and opt for cards with reasonable fee structures.
- **Rewards Potential:** Analyze rewards programs, bonus point offers, cashback incentives, or travel perks offered by the credit card, considering personal spending habits and preferences to maximize rewards earned.
- **Repayment Costs:** Review the interest rates and terms of the credit card, including introductory APR offers, standard interest rates, and penalty fees for late payments or exceeding credit limits, to understand the potential cost of borrowing.
- **Safety and Acceptance:** Verify the security features and fraud protection measures offered by the credit card issuer, as well as the card's acceptance network and global reach, to ensure convenient and secure usage across various locations and platforms.



How points work





Different cards offered by DBS



ATM CARD



DEBIT CARD



CREDIT CARD

	ATM CARD	DEBIT CARD	CREDIT CARD
Card number	8-digit	16-digit	16-digit
Client's name	✓	✓	✓
Smartchip	✓	✓	✓
Master/VISA logo	✗	✓	✓



Other card offerings in Singapore



Shop and be rewarded with Citi Rewards Card



10X Points^ for online purchases

for online grocery, food delivery,
ride-hailing and more



10X Points^ for in-store shopping purchases

for department store, clothing
stores and more



1X Point for all other purchases



Other card offerings in Singapore



Transaction type	Amount spent	HSBC Rewards points earned	Rewards
 Online	S\$800	4,000 With 5x Rewards points	Some examples of items you can redeem with 12,800 Rewards points: S\$60 worth of Vacations vouchers (12,300 Rewards points) or S\$50 worth of Hotel Dining vouchers (12,800 Rewards points) or 2 pairs of Golden Village movie passes (12,600 Rewards points)
 Dining	S\$1,000	5,000 With 5x Rewards points	
 Entertainment	S\$600	3,000 With 5x Rewards points	
 Others	S\$800	800 With 1x Rewards points	
Total	S\$3,200	12,800	



Other offers available in cards

- **Travel Rewards:** Many credit cards offer travel rewards programs, allowing cardholders to earn points or miles for airline tickets, hotel stays, car rentals, and other travel expenses, providing opportunities for discounted or free travel.
- **Shopping Benefits:** Credit cards may offer perks such as purchase protection, extended warranty coverage, price protection, and return guarantees, providing added security and peace of mind when making purchases.
- **Dining and Entertainment Rewards:** Some credit cards provide bonus points, cashback, or discounts on dining out, entertainment expenses, and other leisure activities, enhancing the overall value of using the card for such purchases.
- **Cashback Incentives:** Cashback credit cards reward cardholders with a percentage of their spending as cash rebates, offering a straightforward and flexible way to earn rewards on everyday purchases.
- **Personalized Rewards:** By choosing a credit card that aligns with individual spending preferences and lifestyle choices, cardholders can maximize rewards and benefits tailored to their specific needs and interests, ensuring optimal value and satisfaction from their credit card usage.



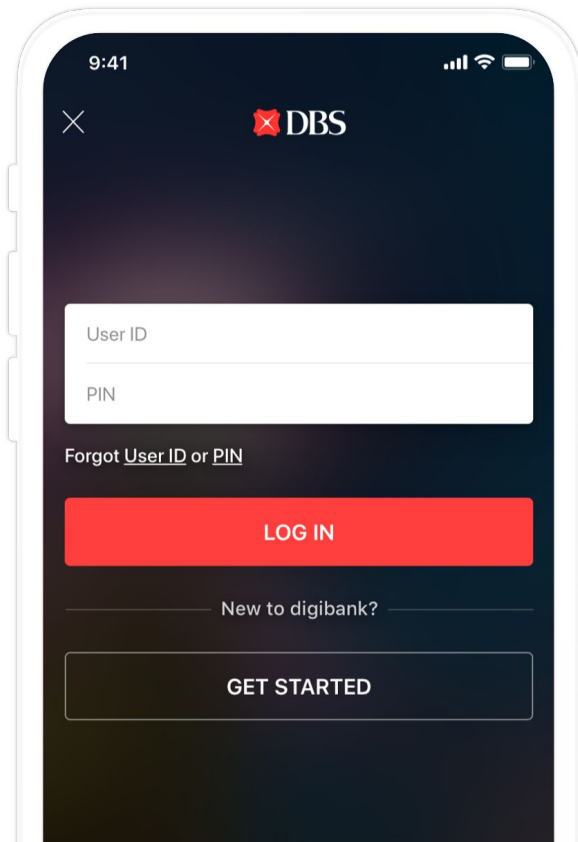
What are online money transaction:

- Online money transactions involve electronically transferring funds over the internet between individuals, businesses, or financial institutions for various purposes such as bill payments, fund transfers, and purchases.
- These transactions are processed securely through payment gateways that encrypt financial information to protect against fraud and unauthorized access.
- Electronic Funds Transfer (EFT) facilitates the transfer of funds between bank accounts domestically or internationally through wire transfers, direct deposits, or automated clearinghouse (ACH) transfers.
- Digital wallets or mobile payment apps store payment information securely and allow users to make purchases, transfer money, and pay bills conveniently using smartphones or connected devices.
- Online money transactions provide a convenient and efficient way to manage financial transactions without the need for physical cash or checks.



Mobile money

Are various payment processing services operating under financial regulations and performed from or via a mobile device. It is an **electronic wallet** service. This can allow users to easily make payments and transfers without the use of cash.





Advantages of mobile money

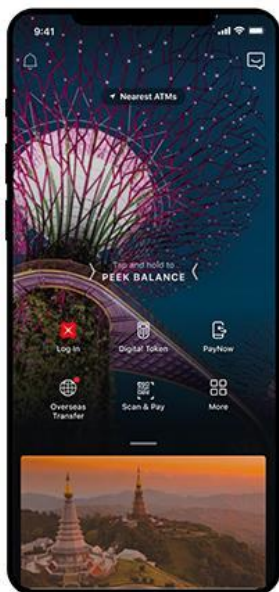
- **Enhanced Flexibility:** Mobile money offers increased flexibility by allowing users to access and manage their finances anytime, anywhere, using their smartphones or other mobile devices.
- **Convenient Spending:** With mobile money apps, users can easily make purchases and payments for goods and services directly from their mobile devices, eliminating the need for physical cash or credit cards.
- **Remote Shopping:** Mobile money enables users to buy goods and services from anywhere, including the comfort of their own home, providing convenience and accessibility to a wide range of products and services.
- **Trusted Platforms:** Big apps and platforms like Amazon and other major retailers offer secure mobile payment options, ensuring the safety and reliability of transactions conducted through mobile money services.
- **Financial Inclusion:** Mobile money plays a crucial role in promoting financial inclusion by providing access to banking services and digital payments for individuals who may not have access to traditional banking infrastructure, thus empowering them economically.



Transferring through DBS

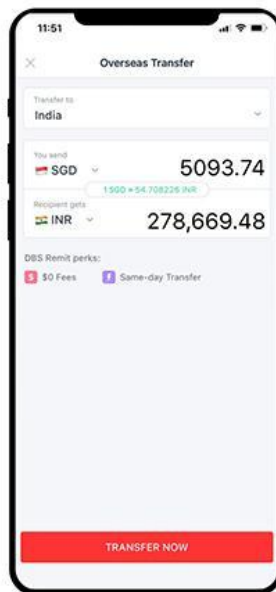
1

Tap Overseas
Transfer



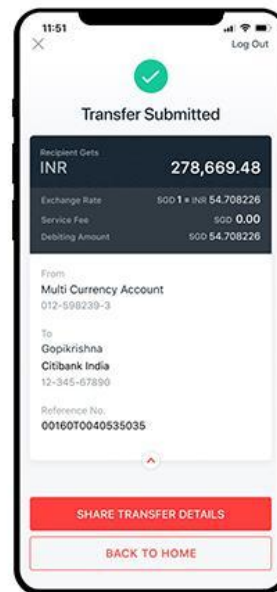
2

Enter amount
and recipient



3

Review
and send





Is an online transaction safe? How to check

- **Verify Website Security:** Check for secure website indicators such as HTTPS in the URL and a padlock symbol in the browser address bar to ensure encrypted communication and data protection.
- **Review Seller Reputation:** Research the reputation of the seller or website by reading reviews, checking ratings, and verifying their legitimacy through trusted sources to ensure reliability and trustworthiness.
- **Be Wary of Phishing Attempts:** Exercise caution if the transaction request seems suspicious or if you receive unsolicited emails, messages, or pop-ups asking for sensitive information, as these may be phishing attempts aiming to steal personal or financial data.
- **Limit Information Sharing:** Avoid providing unnecessary personal or financial details during online transactions, and be cautious if the website requests excessive information beyond what is essential for the transaction.
- **Use Trusted Payment Methods:** Opt for reputable payment methods and platforms offered by big providers like PayPal, Amazon Pay, or major credit card companies, as they offer additional security features and buyer protection against fraudulent transactions.



Are you being scammed?

- **Suspicious Requests:** Be wary of unexpected requests for personal or financial information, unsolicited emails or messages asking for account details, or offers that seem too good to be true, as these may be signs of a scam.
- **Unauthorized Transactions:** Monitor bank statements and transaction history regularly for any unauthorized or unfamiliar transactions, especially random bank transfers or withdrawals you did not initiate, which could indicate fraudulent activity.
- **Verify Contacts:** Confirm the legitimacy of communication channels such as phone numbers, email addresses, or website URLs by cross-referencing them with official sources or contacting the organization directly to verify authenticity.
- **Stay Informed:** Stay informed about common scam tactics and warning signs, such as pressure to act quickly, requests for payment via unconventional methods like gift cards or cryptocurrency, or threats of legal action or financial consequences.
- **Take Immediate Action:** If you suspect you are being scammed or have fallen victim to fraud, contact your bank or financial institution immediately to report the incident, freeze or block affected accounts or cards, and request assistance in securing your accounts and recovering any lost funds.



Leaked financial information. What to do?

- **Act Quickly:** If your financial information is leaked or compromised, act swiftly to minimize potential damage by contacting your bank or financial institution immediately.
- **Block Cards:** Request to block or freeze all affected credit and debit cards to prevent unauthorized transactions and limit further exposure to potential fraud.
- **Request New Cards:** Ask your bank to issue replacement cards with new card numbers to ensure the security of your accounts and prevent future unauthorized use.
- **Change PINs and Passwords:** Change all PINs, passwords, and security codes associated with your bank accounts, online banking, credit cards, and other financial accounts to strengthen security and prevent unauthorized access.
- **Monitor Accounts:** Regularly monitor bank statements, transaction history, and credit reports for any suspicious activity or unauthorized charges, and report any discrepancies or fraudulent transactions to your bank immediately for investigation and resolution.



Choosing a bank or credit union

- **Assess Financial Needs:** Determine your financial needs and preferences, such as account types, banking services, fees, interest rates, and customer service requirements, to guide your selection process.
- **Research Options:** Research various banks and credit unions in your area or online, comparing factors such as account offerings, fees, interest rates, ATM accessibility, branch locations, and customer reviews to find the best fit for your needs.
- **Consider Account Features:** Evaluate account features and benefits, such as minimum balance requirements, ATM fee reimbursements, mobile banking capabilities, overdraft protection options, and rewards programs, to ensure they align with your banking preferences and lifestyle.
- **Review Fees and Charges:** Carefully review fee schedules, including monthly maintenance fees, ATM fees, overdraft fees, and transaction charges, to understand the cost of banking with each institution and minimize unnecessary expenses.
- **Seek Recommendations:** Seek recommendations from friends, family, or financial advisors, and consider the reputation, stability, and reliability of the bank or credit union, as well as its commitment to customer service and community involvement, to make an informed decision.



Local banks





International banks



SOCIETE
GENERALE

LLOYDS BANK



BNP PARIBAS



NatWest

CHASE



British
Business
Bank



HSBC

BANK OF AMERICA



BNY MELLON



BARCLAYS

TRUIST



CapitalOne

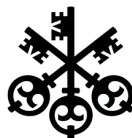


Royal Bank
of Scotland

Bank



MUFG



UBS



Raiffeisen
BANK

Pjesë e Grupit RBI



Different interest rates between banks

- **Savings Account Rates:** Banks offer interest rates on savings accounts, with traditional accounts typically offering lower rates compared to high-yield savings accounts or certificates of deposit (CDs), which may provide higher returns over a set term.
- **Certificate of Deposit (CD) Rates:** CDs typically offer higher interest rates than savings accounts, with rates varying based on the CD's term length. Longer-term CDs usually offer higher rates than shorter-term options.
- **Checking Account Rates:** While some checking accounts may offer interest, the rates are generally minimal compared to savings or CDs. Interest-bearing checking accounts may have tiered rates based on account balances.
- **Money Market Account Rates:** Money market accounts (MMAs) often offer higher interest rates than standard savings accounts and may provide limited check-writing abilities. MMAs may require higher minimum balances but can offer greater liquidity compared to CDs.
- **Loan Rates:** Banks offer various loans with differing interest rates based on factors such as creditworthiness, loan type, and market conditions. Fixed-rate loans maintain a constant interest rate throughout the term, while variable-rate loans may fluctuate based on market changes.



Managing bank accounts

- **Regular Monitoring:** Regularly monitor bank account activity by reviewing statements, transaction history, and account balances to ensure accuracy and detect any unauthorized transactions or errors promptly.
- **Budgeting and Tracking:** Use budgeting tools or apps to track income and expenses, categorize spending, and maintain awareness of account balances to manage finances effectively and avoid overdrafts or insufficient funds.
- **Automated Payments:** Set up automatic bill payments or transfers for recurring expenses, such as utilities, rent, or loan payments, to ensure timely payments and avoid late fees.
- **Savings Goals:** Establish savings goals and allocate funds to savings accounts or designated sub-accounts to save for emergencies, major purchases, or long-term financial objectives, automating transfers to facilitate consistent saving habits.
- **Security Measures:** Implement security measures such as strong, unique passwords, two-factor authentication, and monitoring for suspicious activity to protect against fraud and unauthorized access to bank accounts.



Banking games and simulations

- <https://shadysam.com/>
- <https://www.practicalmoneyskills.com/en/play/payoff.html>
- <https://natwest.mymoneysense.com/students/students-8-12/the-budget-game/>
- <https://playspent.org/html/>
- <https://ig.ft.com/uber-game/>
- <https://bizkids.com/games/break-the-bank/>