

When someone chooses to withdraw FD prematurely, one stands to lose on various fronts. These are explained here:

Penalties: In case of premature withdrawal, the investor has to pay a certain amount as a penalty to the bank. The amount charged by the bank as a penalty is generally from 0.50 % to 1.00 % of the interest. The penalty may change over time as and when the bank decides to update its policies

Loss of Interest: When an individual withdraws before maturity, they must know that they will not get the exact amount based on the rate of interest and duration of the fixed deposit because it has withdrawn before the tenure that was decided on the date of booking the FD. While calculating the amount you will receive after premature withdrawal, make sure to include the penalty charges as well

Halt to the Financial Growth: Fixed Deposits are designed to provide the depositor with guaranteed returns in the form of interest on the date of maturity. If you have planned cash flow with a series of FDs, the premature withdrawal of the scheme will disturb your cash flow and might affect your budget

Premature Withdrawal is a Cumbersome Process: Along with everything else, it is a fact that a premature withdrawal of the deposit is a cumbersome process and not a simple transaction. One has to go through several steps to complete the process. The formalities of the process include filling forms, meeting the officials of the bank, submitting documents, etc.

