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Personal finance curricula and training programme
– Savings Case Study

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Erasmus + Personal Finance Programme Module 1: Savings

Case Study 2

Maria is 24 years old and is working as a lawyer. She earns an average salary compared to similar jobs. Based on her financial capacity Maria managed to buy her own car whereas she is currently renting an expensive apartment in the city centre. Maria likes to go out with her friends very often. She also adores shopping as well as travelling to various destinations.



Among her plans is the purchase of a bigger house with a garden. This however, causes a lot of concern to her, as she faces difficulty to control her expenses and manage her monthly budget. Maria is also concerned about ensuring easy access to her bank branch and as a consequence to her account, as her ultimate aim is to purchase a house on the outskirts of the city. Based on the above it is crucial for her to achieve, not only a wise management of her salary but also start savings in order to fulfil her dreams.

Following her plans, Maria has decided to open a savings account and therefore she contacts her bank in order to investigate available options. The banker mentioned about the benefits of using the loyalty schemes which enable the client to save money while offering the option of using coupons/rewards. Based on the above, Maria decided to start using the loyalty scheme as proposed by her banker.



Erasmus + Personal Finance Programme Module 1: Savings

Case Study 1

Questions

- 1) What is a 'Savings account'?
- 2) Why is important to save money?
- 3) Which are the different types of 'Savings accounts'?
- 4) What is a 'Loyalty Scheme'?
- 5) What are the advantages of 'Loyalty Schemes'?

Erasmus + Personal Finance Programme Module 1: Savings

Case Study 1

Answers

1) What is a 'Savings account'?

A savings account is a type of bank account that enables customers to deposit money and keep the money safe.

Customers may have a limited amount of withdrawals every month. An average monthly balance is required in order to avoid extra charges.

Saving money can help you become financially independent and secure.

2) Why is important to save money?

There are a variety of reasons to begin or continue saving money. Some of these reasons:

- To buy a house
- To buy a car
- To pay fees for school
- To go on holiday
- To have a safe retirement

3) Which are the different types of 'Savings account'?

- Savings Account*

Allows customers to save money for future needs and for a specific period of time. No minimum deposit amount is needed and you can withdraw money without giving prior notice to the bank. With savings accounts, it is not usually used for online shopping or for paying bills online.

- Fixed Deposit (FD) Account*

Money can be deposited in a FD account for a particular period of time and it requires a one-off deposit. The money deposited in this account cannot be withdrawn before the end of the period. Deposit accounts provide a high



return on customers' money and the interest is added at the end of the period chosen.

- Notice Account*

Customers can deposit an unlimited amount of money and make withdrawals (free of charge but it is essential to give a specific number of days' notice).

**Interest rates vary in every country and each bank.*

4) What is a 'Loyalty Scheme'?

Banks offer a loyalty card programme to their customers in order to encourage them to use the card. This programme offers discounts, coupons and points. As a benefit for their participation, customers receive rewards.

5) What are the advantages of 'Loyalty Schemes'?

Bank loyalty schemes are an important part of marketing banking organizations and some customers will review them when choosing a bank. Loyalty schemes make customers happy and save money because offer rewards and coupons.

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