



# CONSUMER STUDIES: SUMMARISED NOTES

## GRADE 11 – TERM 3

# BANKING & CASH TRANSACTIONS

### LAWS APPLICABLE WHEN OPENING A SAVINGS ACCOUNT TO PREVENT FRAUD



- Must be older than 18 to open a bank account.
- If the person is under 16 the parents / guardians write a letter of consent and it must be submitted with the application.
- Must be older than 16 to open a savings account at the post office.

### FINANCIAL INTELLIGENCE CENTRE ACT



- Set to prevent financial crime such as money laundering and tax evasion.
- Expose & identify the people who obtain money in any illegal manner.
- Financial institutions (banks), law firms and insurance companies require certain information from their new clients and this has to be confirmed by specific documentation.
- FICA requires that a person must show their South African identity document and proof of their residential address, when opening a bank account.





## BANK ACCOUNTS

### THE TYPE OF ACCOUNT WILL BE DETERMINED BY:

- The minimum amount that must be paid into the account upon opening the account.
- How often withdrawals can be made.
- Applicable period of the investment.
- The amount of interest the bank offers.
- Service fees payable.



# 01

SAVINGS ACCOUNT

**MINIMUM DEPOSIT** Varies from bank to bank.

**INTEREST EARNED** Low interest rate.

**ACCOUNT HOLDER** Receives a card from the bank which will enable him/her to make withdrawals from an ATM.

# 02

CHEQUE / CURRENT ACCOUNT

**REQUIREMENT** Minimum monthly income of R1500.

**INTEREST EARNED** Low interest rate.

**ACCOUNT HOLDER** Receives a debit and credit card linked to the account.



**MINIMUM DEPOSIT** Varies from bank to bank.

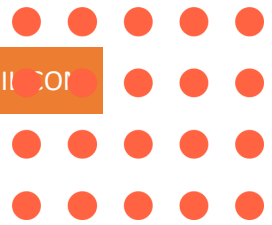
**LIMITS** On the amount that may be withdrawn on a daily basis.

**EXTRAS** Overdraft facility: one can withdraw more money than what is available in the account. Interest on overdrafts is very high.

### Enables the account holder to...

- ... withdraw money from a branch or ATM.
- ... pay bills via the Internet, an ATM or the telephone service.
- ... buy goods with a debit and credit card.
- ... arrange debit order - fixed amount paid to a specific beneficiary on a monthly basis.
- ... apply for an overdraft facility.





# 03

## FIXED DEPOSIT ACCOUNT

**MINIMUM DEPOSIT** R1000.

**BANK CHARGES** If money is to be withdrawn prior to the investment's maturity date.

**INTEREST EARNED** Higher interest rate, as the money cannot be withdrawn for a fixed period of time. The longer the investment period, the higher the interest.

# 04

## CALL ACCOUNT

**MINIMUM DEPOSIT** R1000.

**INTEREST EARNED** More than a savings account and is calculated daily on the balance and reinvested in the account. The higher the balance, the higher the interest.

**GIVE NOTICE** Prior arrangements must be made with the bank before money can be withdrawn.

# 05

## MONEY MARKET ACCOUNT

**ACCOUNT** It's an investment account and the purpose is not to withdraw. Withdrawals are possible. Money can be deposited at any time.

**INTEREST EARNED** More than a savings account. The balance determines the interest rate.

**MINIMUM DEPOSIT** Varies from bank to bank.

**BANK CHARGES** Are paid when withdrawals and transfers are made to other accounts.





## TIPS TO KEEP YOUR BANK CHARGES DOWN



Use your debit or credit card for purchases, rather than withdrawing cash each time.



Use an ATM or the internet banking services for transactions. Over the counter banking services are much more expensive.



Use the ATM of the bank where you bank to make withdrawals. Other banks will charge an additional fee.



Rather withdraw a larger amount of cash once, than withdrawing a few smaller amounts in short period of time.



Avoid fines / charges by always making sure that there is enough money in the account for all your debit orders.



# CASH TRANSACTIONS

Internet payments • Notes and coins • Debit cards • Postal orders •  
Cash on delivery (c.o.d) • Cash on order (c.o.o) •

## ADVANTAGES


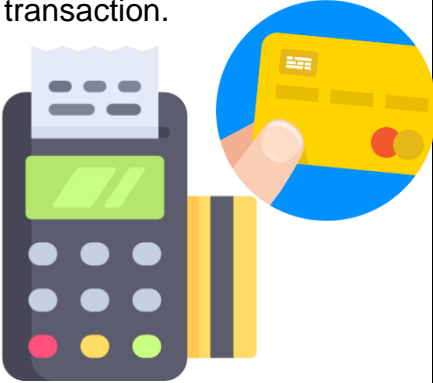


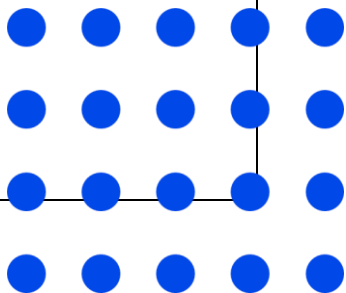
- Immediate payment.
- Ideal for small purchases.
- Can be used by persons without a bank account.
- Reduce the chance of going into bad debt.
- Cheaper due to the fact that no interest is charged.
- Cash discounts can be negotiated on expensive products.



## DISADVANTAGES

- It can be time-consuming if a lot of cash has to be counted.
- Not safe to carry large amounts of cash with you.
- Cash is irreplaceable when lost.
- Must have a receipt if goods are to be exchanged or returned.
- Sometimes no proof of payment is available.



CASH TRANSACTIONS	ADVANTAGES	DISADVANTAGES
<b>Internet Payments</b> <p>The bank links a personal bank account with the internet service. Payments can take place from anywhere and at any time, via the internet. Individuals can pay their bills or pay for other products and services.</p> 	<p>Not bound to a certain time or place.</p> <p>With an internet purchase it usually offers options to deliver the products directly to the buyer's address.</p>	<p>Phishing scams: Personal information is used to commit crimes.</p> <p>Internet connections at restaurants, cafes or shopping centres are not always a safe option for making payments.</p>
<b>Debit cards</b> <p>Provides instant access to bank funds. The bank withdraws the amount directly from the account and pays it immediately to the business involved in the transaction.</p> 	<p>After approval, the business receives its payment immediately.</p> <p>Can also be used for internet purchases and mail orders.</p> <p>Cheaper than withdrawing cash.</p> <p>Done directly from the account holder's account.</p> <p>Bank charges are lower than those of credit cards.</p>	<p>Transaction fees apply.</p> <p>Possibility of fraud, but microchips and a PIN are used to prevent it.</p> <p>Can only spend the amount of money that is in the account.</p> <p>Penalties are charged for overdrafts.</p> 
<b>Postal money orders</b> <p>A specific amount is paid to the post office. The recipient must then exchange the postal order for cash at the post office.</p> 	<p>Simple and reliable.</p> <p>No limit on the number of mail orders that can be purchased.</p> <p>Can be done at any post office.</p> <p>Domestic mail orders up to R5000 can be done.</p> <p>No minimum amount applies.</p>	<p>Only at post offices.</p> <p>Possibility of the postal order being lost / stolen.</p> <p>The recipient must visit a post office to exchange the postal order.</p> 



### Cash on delivery (c.o.d.)

Payment takes place as soon as the goods are delivered to the customer's address.



This saves the customer a lot of time and effort, as the goods are delivered to his/her address.



The customer must have the exact amount of cash ready.

Wrong goods may be delivered.

Someone must be at home to receive and pay for the goods.

### Cash on order (c.o.o.)

The payment is along with the order. Applies to internet purchases and if fast food is ordered online.

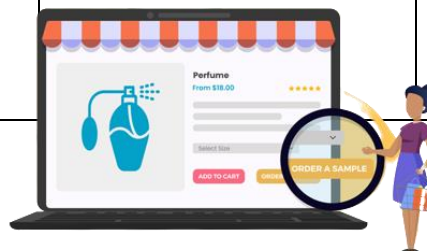


This saves the customer a lot of time and effort, because the goods are delivered to his/her address.

The business receives the payment immediately, which helps them plan the production process.

Scams are a possibility – the products cannot exist or the service will not be provided.

The customer may be disappointed, as they order goods without knowing what it actually looks like.



“ If you wish to get rich,  
save what you get, any fool can earn money,  
but it takes a wise man to save and dispose of it  
to his own advantage. ”  
-Brigham Young



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