

BOC TO CREATE 150,000 INVESTORS Through The Smart Investor Account

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The Bank of Ceylon (BoC), in keeping with its innovative spirit of introducing value added products and services to its customers is planning to unveil a new product for the year 2009 under the name BoC Smart Investor Account. C Samarasinghe, Director-General Manager, Product and Development Banking of BoC stated the following about this innovative product:

Objective:

Smart Investor is a savings product launched with the main intention of deposit mobilisation. Although the market is presently saturated with savings products, BoC intends to provide a novel savings opportunity to customers to save a sum which gives them a sense of worth in addition to a solid foundation for further investment.

The difference:

There is a marked difference with regard to the product as it is neither a conventional savings account nor a formal fixed deposit account. This product allows periodic deposits as in a normal savings account whilst offering a guaranteed sum as in a fixed deposit account. As this is an investment account this product instils a sense of financial discipline and adherence to a set plan in prospective customers, which is not seen in either a savings or fixed deposit account. This product directs the account holder towards a financial target, guides him through a plan and rewards him with an attractive interest income. On reaching the target the account holder will have a sizeable sum which he could deploy for further capital enhancement either in the form of asset accumulation or investment building.

Customer criteria and operation plan:

The BoC Smart Investor Account is targeted towards the fixed income earners who are sensitive to interest yield. The Smart Investor comes with two maturity periods of 2 and 3 years and offers a guaranteed sum of Rs 50,000 or Rs 100,000 under each plan. A Smart Investor Account could be opened with an initial deposit (1st month) ranging from Rs 10,000 to Rs 1,200. Monthly deposits commence from the 2nd month up to the maturity date, are in the range of Rs 1,200 to Rs 1,500.

For example, under the three year plan a prospective account holder may aim at either Rs 50,000 or Rs 100,000 as his target and he has the option of starting the plan with an initial sum as low as Rs 1,200 or Rs 2,400. This monthly commitment will vary according to his initial commitment and on maturity he will have a sizeable sum of either Rs 50,000 or Rs 100,000.

Under the shorter version of the plan i.e. the 2-year plan, although the initial commitment may appear slightly high, the monthly commitment is very low and

affordable from the standing of a fixed income earner. The Smart Investor provides the best option to a committed individual to save expeditiously, but in a less effortless manner. Further, options are available to raise the target amount up to Rs 1,000,000 under a single plan.

Eligibility:

Any individual above 18 years of age can open a Smart Investor Account individually as well as jointly. Parents and guardians may also open this account in the name of minors. As for obligations, the account holder is expected to strictly adhere to the investment plan and deposit his or her monthly commitments without fail. Non-adherence would affect the target amount but the interest yield on the account would continue unaltered.

Procedures:

Smart Investor Accounts could be opened at any BoC branch. The Bank's online branch network consists of 204 fully-fledged branches and over 125 extension offices, which are spread throughout the length and breadth of the country providing easy access to customers. Accounts are opened against applications and no passbooks will be issued. In addition to an original contract letter each monthly deposit to be made by the customers will be duly acknowledged by the bank. BoC's online network will enable the customers to deposit their monthly commitments in any one of the online branches. Every account holder will be issued with bi-annual account statements during the currency of the plan in order to enable the customers to monitor the progress of their investor account.

Smart Investor is one of the strategies taken by the bank to mobilise funds in line with the developments in the financial markets. BoC intends to terminate marketing of this product by April 2009. A special draw, which will take place at the end of each month from January to April 2009, where all account holders who open Smart Investor Accounts, will be eligible. Five winners will be selected every month and a bonanza awaits them as prizes. Each winner will receive a cash sum equal to the maturity value of the Smart Investor Plan to which he has subscribed. What the country needs today is to increase its number of investors and through the Smart Investor Account BoC plans to create at least 150,000 such investors during a period of three months and forward them to the capital market.