

## Consider saving with bank to guarantee future security

PATRICIA AMITO LUTWAMA > SAVING

Every year, Uganda joins the rest of the world to commemorate the World Savings Day. The International World Savings Day was established in 1924 with the objective of encouraging the population to transfer their savings into bank accounts. The primary objective of these celebrations is to bring to light the importance and relevance of saving.

In Uganda, the percentage of adults who engage in some form of savings has continued to increase from 42 per cent in 2006 to 68 per cent in 2013, according to FINSCOPE survey 2013. And it is anticipated that this development should contribute to economic growth. However, the percentage savings in formal channels did not change much between 2009 and 2013 as only 16 per cent of adults were saving in banks, implying that there is still some work that has to be done to encourage people to save with formal financial institutions.

Saving with banks does not only ensure safety of consumers' funds, but it also enables banks to intermediate funds and provide credit to micro, small and medium enterprises (MSMEs) in the broader economy to aid economic growth. The saver also builds a personal record against which credit worthiness can be assessed and loans granted.

It is important to know that the savings products offered by banks, credit institu-

tions and microfinance deposit-taking institutions licensed and regulated by Bank of Uganda, are covered by the Uganda Deposit Protection Fund, which provides up to Shs3 million (nearly \$850) to depositors if their financial institution came under stress and is closed and liquidated.

We all would like to have enough money to pay for everything that we need. But because this is not the case, we have to think about putting some money aside. Regardless of your income/earnings, you can still save or start saving. Setting money aside will help you manage financial shocks and ensure your financial security. These moments often come and we need to plan for them.

Whether you are saving for emergency funds, retirement, down payment for a house, education, vacations and other luxury items, saving can be made easier if you have a clear goal or purpose for the money.

Banks in Uganda have introduced a range of new and improved deposit and investment products available to consumers. There is the high rate savings account, which is a high interest savings account that allows you transact and save at the same time; the instant savings account, which gives you instant access to your funds; the fixed deposit account, where you can invest funds for a specific period and earn guaranteed interest.

There are also savings accounts that enable you teach the youngsters the

**Vital safeguard.** By setting aside part of your earnings, you can attain the financial security of your families, better secure your financial futures, acquire more assets and invest more. Furthermore, with an individual's financial vulnerability reduced and capacity to make more money enhanced, the wider economy benefits from a productive & investing population.



value of savings early enough and savings accounts for eventuality if death occurs, insurance for children. These different types of products provide an individual with a wide array of benefits, options and advantages.

In addition, banks continue to invest in enhancing the capacity of the population to make good financial decisions through financial literacy and education, which is done during outreaches/field visits, radio, TV programmes/campaigns and social media platforms. Through these initiatives, banks equip clients with the right financial information.

Access to these products and services has also been made easier through the array of electronic channels and applications now available to enable reach and penetration. So, the next time you visit your banking hall/website or hear/see a bank advert, look out for information on savings products and endeavour to make good use of the savings products available at your bank.

By setting aside part of your earnings, you can attain the financial security of your families, better secure your financial futures, acquire more assets and invest more.

Furthermore, with an individual's financial vulnerability reduced and capacity to make more money enhanced, the wider economy benefits from a productive & investing population.

Ms Lutwama is the head, communications & corporate affairs, Uganda Bankers' Association. [patriciaamito@ugandabankers.org](mailto:patriciaamito@ugandabankers.org)