Banks

What is a bank

A bank is a licensed financial institution that provides payments and other financial services such as account services, loans, overdrafts and cash withdrawals and deposit facilities to their customers among others.

General functions of a bank

Payment services

Opportunities for savings

Facilitating international trade

Providing advances

Types of banks in Malawi

» Commercial banks

A commercial bank is a legally licensed bank which is authorized to carry out banking business in the country. Commercial banks are established under the Banking Act 2010.

Examples of commercial banks in Malawi

National Bank of Malawi

First Capital Bank

Standard Bank

FDH Bank

NBS Bank

Ecobank The Pan African Bank

MyBucks

Products and services usually offered by commercial banks

- Customer Care
- Current Accounts
- Savings Accounts
- Account Management
- Electronic Banking
- ATM Card
- Investment Advice
- Loans
- Forex
- Fixed Deposit Accounts
- Mobile Banking

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Investment banks

An investment bank acts as a broker between a corporation and the financial markets.

Example of an investment bank in Malawi

CDH INVESTMENT BANK

Types of Accounts

What is a Savings Account

An account that earns a modest interest rate

Limited number of withdrawals per month

Minimum monthly balance required

No cheques issued

No fees

What is a Current Account

A deposit account with unlimited withdrawals

Also called demand accounts, transactional accounts or checking accounts

Can be accessed using cheques, ATMs and electronic debits, among other methods

Mostly used for payment

Does not attract interest on deposits, however, some banks pay interest within a minimum threshold of deposits

No Account maintenance fees

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How do you operate a Fixed Deposit Account

Deposit funds are locked for an agreed period of time (i.e. withdrawals not allowed or carry a penalty until maturity)

Provide higher interest than savings or current accounts

The interest rate agreed remains unchanged till the fixed deposit attains maturity

Also called time deposits accounts

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How to open a bank account

Financial institutions are required by law to adequately identify and verify the identity of the customer. This is commonly referred to as Know Your Customer (KYC). However, the extent of the KYC processes or due diligence depends on the risk of the customer, products, delivery channel and geographical locations.

Here below are some of the KYC requirements:

1. For Individual Accounts

- The name, address and occupation of the person determined through:



Completion of account opening form with all sections properly filled including expected levels of income



Copies of identification documents including Passport, Driving License, National Identification etc.



Foreigners – the required identification document is a passport accompanied with a permanent or temporary or business residence permit.



Utility bill that is in the name of the customer if it's not then it has to be accompanied with a tenancy agreement or a Letter from the village headman.



Letter from the employer or a business registration certificate



The source of wealth and source of property of the person determined through the use of reasonable measures



Pay slip if the source of income is salary



Financial statements/ business registration certificate if source of income is business.

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2. For a Company/Legal person

- Understand the nature of the business and its ownership and control structure as determined through:

Completion of account opening form with all sections properly filled including expected levels of income

All the necessary business registration certificates

Identification documents of the powers that regulate and bind the legal person, as well as the names of the relevant persons having a senior management position

The address of the registered office and, if different, a principal place of business by obtaining a utility bill.

3. For Trusts

- Obtain particulars of a trust through

Completion of account opening forms with all sections properly filled

All the necessary trust registration certificates

Particulars of the founders and beneficiaries by obtaining their identification documents including Passport, Driving License, National Identification etc

The address of the registered office and, if different, a principal place of business by obtaining a utility bill.

Always read the terms and conditions before signing any financial agreement or contract.