



NAVIGATING PERSONAL FINANCE

Strategies for Enhanced Financial Stability

ILLUSTRATION: BIPOLOB CHAKROBORTY

Globally, bankers frequently take on the role of financial planners. Since many customers lack expertise in financial planning, it becomes the bankers' responsibility to develop plans that address their needs. However, this approach is not yet fully implemented in Bangladesh. If bankers can embrace the role of financial planners, it could significantly improve money management for individuals across all sectors of society.

SAUDIA AFRIN

"Even though I earn a good salary, I often find myself broke by the end of the month," shares Mirza Naimul, a private job-holder who started a side business to tackle the crisis. Unfortunately, he failed to relieve himself from the financial crunch despite his double efforts due to a lack of proper financial planning. Despite its crucial role in ensuring a stable financial future and a stress-free present, personal finance management is largely overlooked in Bangladesh.

The personal finance landscape encompasses both short-term strategies, such as savings, debt repayment, budgeting for major purchases or investments, securing loans, and managing daily expenses, as well as long-term planning, including investing and retirement planning—each of which is essential for building and maintaining financial stability. Banks, Non-Banking Financial Institutions (NBFI), and Mobile Financial Services (MFS) are essential to personal finance, significantly aiding individuals' financial management through a variety of tailored, need-based products and services, and thereby driving economic growth.

BUILDING A SECURE FUTURE
Personal finance is more than just a plan for money; it is a roadmap that guides financial decisions, helping achieve goals through strategic planning between resources and expenditures.

Savings, a core aspect of personal finance, heavily depends on individual habits. "Some earn well but fail to save proportionately, resulting in future financial struggles. Conversely, those with disciplined saving habits tend to prosper," said Md. Nehal Ahmed, director of the Dhaka School of Banking Management, BIBM. Banks and offer diversified schemes and services to meet the needs of different segments of society. "Everyone should save regularly, even if it means reducing necessary expenditures, to prepare for emergencies and unforeseen future needs. Depositors' money is essential to a bank, and individual deposits are highly valued," said Md. Quamrul Islam Chowdhury, Managing Director of Mercantile Bank. He also mentioned that banks aim to offer benefits that outpace inflation. Popular savings schemes of banks

include Fixed Deposit (FD), Monthly Savings Schemes (MSS), Double/Triple Benefit Deposit Schemes, Pension/Retirement Savings Schemes, Special Savings Schemes for Women, Islamic Savings Schemes, and Student Savings Accounts.

"One common and useful saving pattern is setting aside money for planned goals, such as education, medical treatment, travel, or Hajj, often using Deposit Pension Schemes (DPSs) or Fixed Deposit Receipts (FDRs)," says HM Mostafizur Rahaman, Head of Retail Business Division of Dhaka Bank.

To promote savings among youth, regardless of their location or profession, banks have introduced savings schemes with minimal deposit requirements. These products allow young people to accumulate funds through affordable monthly installments, providing nationwide convenience. To further appeal to younger customers, some banks have added features such as zero maintenance fees, free online banking, and Shari'ah-compliant financing options.

Besides offering competitive interest rates in specialized savings schemes, some additional benefits are tailored for women, including early encashment facilities on FDR, waiver on issuance fees, catering to shopping needs and traveling, special facilities on annual locker rent, and Deposit Pension Scheme. There are schemes linked with insurance facilities mostly for minors and women. The benefits include accidental insurance coverage, critical illness treatment, and more.

The Global Findex Database 2021 revealed that only 23 percent of people saved any money in the past year, and a mere 8 percent managed to access emergency funds within 30 days. In developing economies, individuals often rely on family, friends, and social networks for financial support during such times.

"Effectively managing uncertain events and emergencies reflects resilience against financial shocks. Those who practice sound financial management will be better prepared to handle future obligations and crises. Strong financial practices contribute to greater stability and security," said Dr. Muhammad Shahadat Hossain Siddiquee, a professor of Economics at the University of Dhaka.

To help individuals build wealth over time, financial institutions offer various investment options, including stocks, bonds, mutual funds, real estate, and other assets. Mostafizur Rahaman of Dhaka Bank explained that while some needs may not be emergencies, they still require prompt attention.

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