

Group assignment 1

1) Research current economic conditions (interest rates, inflation) using The Wall Street Journal, other library resources, or the World Wide Web. Based on current economic conditions, what actions would you recommend to people who are saving and borrowing money?

1. The current inflation rate for Thailand is 2% in consequence of Bank of Thailand monetary policy declaration to fix the interest rate at this level. Furthermore, according to the inflation forecast from www.tradingeconomics.com, the inflation rate tends to be slightly higher from the present level. Therefore, from the current situation that inflation rate is negative and the fixed interest rate, we are going to separate into two cases. Firstly, if we were lenders, we would save more in the present period since the interest rate is stable but the inflation which is negative. Secondly, if we were borrowers, we would borrow in the future period when the inflation rate is higher and the real interest rate will be lower.

2) Collect advertisements and promotional information from several financial institutions, or locate the Web sites of financial institutions. Create a list of factors that a person might consider when comparing costs and benefits of various savings plans.

	Bangkok Bank Savings Account	Krungthai Bank	SCBBANKING FUND	SCBInsurance Saver Plus 14/6
Factors		Fixed account: SPA24	Invest in 5 big bank stocks in stock exchange of thailand	
rate of return	Interest is calculated daily and will be credited to your account every six months.	2.95% annual rate	1. depend on stock performance, looking at historical trend having positive return. (1 year historical rate of return is 35%) 2. dividend 0.06 per unit(pay annually)	1. every 2 year receive 4% interest return of the sum insured 2. 6 year premium payment with long term protection of 14 years 3. IRR after tax is 3.21 (without tax 2.19) 4. Life protection payment 200-400% of the sum insured 5. Total 224% return of the sum insured throughout the contract term life by giving cash return at 4% of the sum insured every 2 years
taxes		no tax	no tax	Tax reduction up to 100,000 baht per annum
liquidity	high liquidity - able to deposit or withdrawal everyday. No limitation of number of transaction and amount of money per transaction.	less liquidity than saving account due to fixed deposit	buy or sell mutual fund before 4pm, receive money back 3 days after the transaction date.	no liquidity for 14 years, receive principal after 14 years
safety	no risk - very secure	considered to be safe compare to smaller size bank, as Krungthai Bank is big 4 bank. Full principal amount protected by government in case of bank liquidation.	risk of the mutual fund, stock exchange market performance and banking industry, ability of mutual fund manager. Higher risk compare to other mutual fund because it invest 100% on stocks	100,000 Baht minimum sum insured
			SCB is second largest commercial bank, their mutual fund investment should be trustable(not taking investors money to do something else)	SCB create it own insurance, not depend on other agency, SCB take full responsibility on the insurance program.
			investment risk, no guarantee of principal investment. investors have to bear the risk if stock market go down.	
restriction and fee	Accounts which become dormant with a balance below 2,000Bt will attract a monthly service charge.	within 24 months, depositors can only miss deposit for 2 times		the insurer can only be 0-70 year, no health check
		less than 3 month deposit, depositor get no interest		
		withdrawer before before 24 months getting same interest with normal saving account and have to pay deposit tax rate		
payment scheme	-	every month	no restriction	option between annually, semi-annually, quarterly, monthly
duration of fixed saving	-	24 months fixed deposit	-	14 years
other privilege	Receive a Be1st Visa Debit card - use your card to withdraw cash, pay bills, or shop online or anywhere displaying the VISA sign.	-	-	Life protection
fees		-	less than 1% fee per one unit of buying and selling, no tax	
number of bank branches	more than 1,200 branches in Thailand , 29 more international branches and one head office	a lot	a lot	a lot
minimum investment require	minimum deposit of 500 Baht	minimum deposit of 1000 bahts and maximum of 25000 bahts	minimum 5000 bahts	minimum 100000 baht and maximum 200000 baht for 6 years