

Usapang Pera: Mga Dapat Alamin



A PDIC Guidebook
On Basic Banking &
Financial Transactions

By: Efren Ll. Cruz, RFP



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Edited by the Editorial Board of the Philippine Deposit Insurance Corporation

“Committed to Serve”

FOREWORD



Through the Philippine Deposit Insurance Corporation (PDIC), the Government has been protecting the depositing public and maintaining stability in the country's financial system. PDIC is committed to instituting *Daang Matuwid* in our financial system by making sure that those with whom people have entrusted their hard-earned savings ensure that these are properly invested. At the same time, PDIC continues to undertake initiatives to educate depositors so that they themselves are empowered to guard their deposits.

“USAPANG PERA: MGA DAPAT ALAMIN, A PDIC GUIDEBOOK ON BASIC BANKING & FINANCIAL TRANSACTIONS,” serves as a practical guide for all Filipinos, from overseas Filipino workers, retirees, and senior citizens, to those in academe, and socio-civic and religious organizations.

The basic principles of money, saving, banking investments, and deposit insurance are discussed in order to guide the Filipino in making well-informed and effective financial decisions.

The publication of this book serves as a commemoration of the 50th anniversary of PDIC and as a tribute to the depositing public that it has always been committed to serve.

We hope that this book will lead to a society of more responsible depositors and savers.

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a smaller 'P' and a final flourish.

CESAR V. PURISIMA

Secretary, Department of Finance
Chairman, PDIC Board of Directors

INTRODUCTION



The banking system is the backbone of the national economic system. Public confidence and trust in the banking system are essential to financial stability. Financial stability is essential to savings and investments, which in turn are essential to economic growth and development.

The Philippine institutions, with regulatory oversight on our banking and other financial institutions, have performed very well in carrying out their mandates and kept the banking and financial system stable through the most trying situations. These are the *Bangko Sentral ng Pilipinas* (BSP), the Department of Finance (DOF), the Securities and Exchange Commission (SEC), the Insurance Commission (IC), and the Philippine Deposit Insurance Corporation (PDIC).

The PDIC is celebrating this year the 50th anniversary of its founding on June 22, 1963. The PDIC Guidebook on Basic Banking and Financial Transactions (*Usapang Pera: Mga Dapat Alamin*), is a functional memento for PDIC's 50 years of service in deposit insurance, depositor protection and its role in the maintenance of financial stability. It is an easy to read reference guide for everyone for understanding banking products and transactions. It is also a financial literacy tool for everyone. Its usefulness can cover the broad spectrum of Filipinos from the beneficiaries of overseas Filipino workers to busy non-financial executives, students and retirees. The author, Efren Cruz, has been a long-time and well-known advocate of financial literacy. As a further service, Mr. Cruz will continue to support an active link at the PDIC website covering interest rates, yields and other aspects of finance and banking.

The depositor protection mandate of PDIC goes beyond the insured deposits. This Guidebook is intended to help the depositor discern differences in risks and return on various banking products. It is our belief that a population that saves and invests wisely enables the national economy to have sustained and balanced growth in a stable financial environment. It is hoped that this Guidebook will make a difference for safe and more savings for the readers.

A handwritten signature in black ink, appearing to read 'Valentin A. Araneta', written in a cursive style.

VALENTIN A. ARANETA
President

Philippine Deposit Insurance Corporation

ACKNOWLEDGMENT



I thank the Good Lord for the blessing of being able to share my thoughts with others through writing.

I thank the PDIC for allowing me to be part of this milestone in its corporate history and its advocacy of spreading financial empowerment among Filipinos. I also thank the PDIC Editorial Board and Staff for their invaluable inputs in the making of this financial planning guidebook.

Last but not the least, I thank my wife, Vicky, and my two daughters, Mavi and Roni, for being the constant inspiration for all the work that I do.

A handwritten signature in black ink, appearing to read 'Efred LI. Cruz'.

Efred LI. Cruz, RFP

Author

REVIEWS AND OPINIONS

“This Guidebook underscores the PDIC’s efforts to empower the depositing public by shedding light on the intricacies and demystifying banking and financial transactions. The Guidebook should enable a wide audience to make well-informed decisions – ultimately one well-informed decision built on another.”

– **Deputy Governor Nestor A. Espenilla, Jr.**
Bangko Sentral ng Pilipinas

“The book, written by renowned finance author Efren Ll. Cruz, promises to be another effective tool in introducing the concept of banking and finance to ordinary Filipinos.”

– **Atty. Ignacio R. Bunye**
Monetary Board Member

“Filled with ‘comic-style’ illustrations and some serious graphs about money and banking, every Filipino will find this book educational and informative.”

– **Teodoro P. Estacio**
Columnist, Manila Bulletin
September 26, 2013